



EUROPEAN NEWS

DISQUIET OVER NEW HUNGARIAN PARTY LEADER'S DECISION TO STAY ON AS PREMIER

Grosz' reformist intentions doubted

BY LESLIE COLTIN IN BUDAPEST

HUNGARY'S NEW Communist party leader, Mr Karoly Grosz, faces intense scrutiny of his credentials as a reformer from the disaffected party members who helped force his veteran predecessor, Mr Janos Kadar, out of his office on Sunday.

Hungary's ruling politburo: Karoly Grosz (57), general secretary and Premier, member since March 1985. Janos Berecz (57), party ideologist, member since June 1987. Judit Csébak (46), Minister of Health and Social Affairs, member since June 1987. Csaba Hancsori (39), head of Hungarian youth movement, politburo member since March 1985. Pal Ivanyi (46), mayor of Budapest, new member. Janos Lukacs (53), Central Committee secretary since June 1987, new politburo member. Miklos Nemeth (48), Central Committee secretary in charge of economic policy since June 1987, new politburo member. Reszo Nyers (65), economist and former politburo member ousted in 1973, new member. Imre Pozsgay (54), head of Communist-sponsored Patriotic People's Front, new member. Istvan Szabo (63), agricultural co-operative expert, member since March 1985. Lona Tabai, age unknown, director-general of Taurus rubber plant, new member.

While some party officials were keen yesterday to describe Mr Grosz's assumption of power as an amicable handover, opposition groups said it was plain that Mr Kadar had been forced out. "It was the first time in Eastern Europe that a party leader was forced to resign by the party. This is what was important," Mr Ferenc Koszeg, publisher of the opposition journal Beszelo, insisted.

Relief in Moscow at departure of Kadar

BY QUENTIN PEEL IN MOSCOW

THE REMOVAL from power of Mr Janos Kadar was greeted in the Soviet Union with typical understatement but apparent relief, detectable only in the enthusiastic greeting sent by Mr Mikhail Gorbachev, the Soviet leader, to Mr Karoly Grosz, the new party chief.

account of the criticism of Mr Kadar's leadership, ran on page six. Mr Gorbachev's greeting to Mr Grosz was, however, appreciably more fulsome than his tribute to Mr Kadar. He called the new leader "a principled Communist and authoritative leader," and praised his "vigorous activity".

Mr Yilmaz has declared that Turkey will not withdraw its troops from the island, and that he intends to visit the self-styled Turkish Cypriot state in northern Cyprus, which is recognised only by Ankara.

Peres in Brussels to ease strains with EC

BY ANDREW WHITLEY IN JERUSALEM

THE ISRAELI Foreign Minister, Mr Shimon Peres, meets his European Community counterparts in Brussels today in an attempt to overcome a cluster of trade disputes aggravating relations which are already strained by Israel's handling of the five-month-old Palestinian uprising.

extended full diplomatic recognition to Israel, and its sympathies are pro-Arab. Mr Peres will thus be urging his EC counterparts to seek the speedy approval by the European Parliament of a trade protocol it rejected in March. He is also expected to give assurances on the ending of import taxes regarded by the Commission as discriminatory.

Asked at the airport what he expected from his Athens talks, Mr Yilmaz replied laconically: "Friendship". The agenda for this week's talks was not officially known yesterday.

IRA shooting inquest delayed in Gibraltar

A GIBRALTAR inquest into the killing of three unarmed Irish Republican Army (IRA) guerrillas by British troops set for June 27 has been postponed, British officials said yesterday, Reuters reports from London.



French President Francois Mitterand (left), went on his annual pilgrimage yesterday to his hiding place as a resistance fighter during the Second World War, also yesterday, extreme-right-wing leader, Jean Marie Le Pen prayed at a war memorial in Marseille, where he is to stand as a candidate in the general elections.

Anti-Turk bombs greet minister in Athens

By Andriana Terodisconou in Athens

TWO bomb explosions damaged cars belonging to Turkish embassy personnel in Athens and two more bombs were defused by police, as Mr Mesut Yilmaz, Turkey's Foreign Minister, arrived for five days of talks.

Security arrangements for the minister's visit included details of frogman assigned to patrol the waters of the seaside hotel at which he will be staying until his departure on Friday.

New era for neo-fascist party as old leaders die

BY JOHN WYLES IN ROME

ITALY'S neo-fascist party, the MSI, today buries two of the men who have dominated its post-war history. The deaths over the weekend of Giorgio Almirante and Pino Romualdi have sparked fresh interest in the party's future strategies under the leadership of 35-year-old Mr Gianfranco Fini.

Mr Fini has so far only dipped a toe in the waters of racial politics by calling for strict immigration controls. But his association with Mr Le Pen has already prompted some public heart searching by the mainstream press about the quality of race relations in Italy and the dangers of a racialist upsurge.

Row with teachers challenges Italian spending curbs

BY JOHN WYLES IN ROME

AN INCREASINGLY bitter dispute with a fragmented trade union system representing 1m disaffected schoolteachers is emerging as the first major challenge to the new Italian government's authority and to its strategy for curbing public spending.

Only the three traditional union confederations, CISL, CGIL and UIL, will be present at today's negotiations, since the ministers who are personally handling the talks are refusing to meet the other groups because they are staging industrial action.

Yugoslav opposition to PM's reform plan

By Aleksander Lukic in Belgrade

MR BRANKO MIRULIC, the Yugoslav Prime Minister who 10 days ago survived an attempt by the republics of Croatia and Slovenia to oust him, has been dealt a new political blow, this time by the country's ideological leaders, who say they will not support his plan for accelerated constitutional reform.

The party, which is aligned with other Eurocommunists, is stepping into a political minefield. His decision has been made even more delicate by the fact that he is a member of the conservative Christian Social party.

Finnish communist chief 'to resign' over scandal

THE HEAD OF the Finnish Communist Party is resigning, taking responsibility for costly speculation on the stock market, Finnish radio reported yesterday, agencies report from Helsinki.

The party was founded in Moscow in 1918 but outlawed until after the second world war. It rapidly became one of Finland's two biggest parties, with the Social Democrats.

Woman in car rams Berlin wall

A WOMAN rammed her speeding car into the western side of the Berlin Wall early yesterday and was seriously injured, according to police, AP reports from Berlin.

Tim Dickson reports on political conditions imposed by the Grand Duchy's largest foreign investor

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LABOUR DISPUTES in Luxembourg are normally low-key and unexceptional events. But there has erupted this year an extraordinarily bitter and as yet unresolved row over Sunday working at the local Goodyear plant.

It has touched a sensitive political nerve, creating new tensions inside the Christian Social/Socialist coalition and raising the temperature of debate at a time when elections are looming. And it has highlighted the deep-rooted influence of the Roman Catholic Church in a country probably best known internationally as a burgeoning "offshore" centre of financial services.

Bitter row erupts in Luxembourg over Sunday working

LABOUR DISPUTES in Luxembourg are normally low-key and unexceptional events. But there has erupted this year an extraordinarily bitter and as yet unresolved row over Sunday working at the local Goodyear plant.

According to Mr Billy Thieleen, the public relations manager for Goodyear Luxembourg, the company is keen to introduce seven-day working throughout its factories in the Grand Duchy. But the move will close the wire plant on January 1 1990. Altogether 430 jobs are at stake, though Mr Thieleen points out that, given the seven-day deal, a further 40 employees would be required to operate the new shifts.

For the moment at least the position of the Independent Union appears academic, since the rival Christian Union, which claims the support of a majority of the workforce at the wire plant itself, refuses even to contemplate the management's plan. It draws a distinction between companies like Arbed - whose continuous process manufacturing plants must be kept going through the weekend for "technical" reasons - and those like Goodyear which it says wants to enforce Sunday working for straightforward "economic" reasons.

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With public interest high, however, the Catholic Church openly supporting the Union's militant stand, and Goodyear seemingly adopting an uncompromising

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OVERSEAS NEWS

Ex-president Nair calls on Singapore's PM to resign

BY ROGER MATTHEWS IN SINGAPORE

THE POLITICAL ROW over alleged US interference in Singapore intensified yesterday when Mr Devan Nair, a former President of the republic, called for the resignation of Mr Lee Kuan Yew, the Prime Minister, and senior ministers made further attacks on members of the US State Department.

Mr Lee had become an albatross around the necks of the younger generation, declared Mr Devan Nair in Kuala Lumpur, the capital of neighbouring Malaysia.

He had been a superb captain of a superb team, he said. Economically there was considerable evidence of Mr Lee's skill as a manager, but it was marred by what Mr Nair described as "an abysmal political style, intolerant of dissent."

The row with the US he said, was a case of "beating the nationalist drum, so typical of people who are politically bankrupt."

In a statement before he left for Kuala Lumpur at the weekend, Mr Devan Nair drew a comparison between the behaviour of Mr Lee in courting foreign governments when he was in opposition, with that of Mr Francis Seow.

Mr Seow, a former Solicitor General currently being held without trial, is accused of developing subversive contacts with American officials. Mr Lee demanded an apology for "this defamation."

Mr Seow had been planning to stand as an opposition candidate at the general elections later this year and is said to have sought guarantees of political asylum in the US if he ran into trouble with the authorities.

The Singapore Government still seems undecided about how far up the US Administration the perceived plot to interfere in its domestic politics stretches.

It has accepted a letter from Mr George Shultz, the Secretary of State, stating that it was not US policy to interfere in Singapore.



Brig Gen Lee Haieng Loong, Minister of Trade and Industry: US attempts to encourage a group of Singaporeans to run in elections were "full, frontal and blatant." US diplomat Mason Hendrickson would have been arrested if not for his diplomatic immunity

However, ministers have named other State Department officials whom they said had worked with Mr Mason Hendrickson, the US diplomat who was told to leave the country two weeks ago.

Brig Gen Lee Haieng Loong, the Minister of Trade and Industry, said yesterday that had it not been for Mr Hendrickson's diplomatic immunity he would have been arrested.

His attempts to encourage a group of Singaporeans to run in the elections were "full, frontal and blatant," he warned that any

Israeli journalists charged

By Andrew Whitely in Jerusalem

TWO JEWISH journalists face up to 40 years' imprisonment after being formally charged yesterday with working for a Palestinian Marxist organisation dedicated to the destruction of the Israeli state.

Mrs Michal Schwartz and Mrs Roni Ben-Ezrat were editors and co-founders of a far-left newspaper, Derech Hamizot, closed down by the security authorities in February.

Four more of its staff, including the publisher, are also under arrest.

The bi-weekly newspaper, published in both Hebrew and Arabic, is accused of acting as a front for the Democratic Front for the Liberation of Palestine.

Red Cross digs in

The International Committee of the Red Cross yesterday rejected a controversial Ethiopian demand that it should remove thousands of tonnes of emergency food and equipment from the country within two weeks if it did not want to hand the stocks over to Ethiopian aid agencies for distribution to the hungry.

Victor Mallet writes from Addis Ababa. "We won't be moving food out of Ethiopia," said Mr Vincent Bernard, ICRC spokesman. ICRC officials hope to negotiate a temporary solution to the dispute soon.

S African MP slain

Mr Peter Sam Jacobs, a member of the majority Labor Party in the South African House of Representatives, the mixed-race chamber of Parliament, was shot dead in his car Sunday night by an unknown assailant, police said. AP writes from Johannesburg.

Philippine views differ on the likely impact of land reform Manila ponders its land policy

BY RICHARD GOURLAY IN BATANGAS, PHILIPPINES

TALK TO ANYONE in the Philippine Congress these days and you will find land reform upon their lips.

It is variously described as the key to defeating the communist-led - but peasant-backed - guerrilla insurgency and a confederate plot that will trigger, rather than calm, social unrest.

On the other hand, talk to peasants like Alberto Alvarez, who would benefit from the redistribution of land and they are curiously unexcited by the antics in Congress.

Alberto Alvarez and his family are only unusual because they work more fertile land than many of the country's 85m peasants, land that is owned by the grandson of the first Philippine president, Emilio Aguinaldo.

But Mr Alvarez is not thinking about owning land at the moment, only about whether he can inherit the tenancy arrangement when his father dies. The Aguinaldo family has said it wants to put their two hectares to more profitable, industrial use.

Then there is the worry about how to borrow funds to buy for seed, fertilizer and pesticide without going to the loan sharks. These legendary rural usurers can lend five pesos and receive six back on the seventh day because the peasants have no collateral for "official" bank credit.

In effect the peasants pay interest of 20 per cent a week. Sitting on the porch of his father's scanty breeze block house, Mr Alvarez seems overwhelmed by the workaday troubles of being a tenant and says that owning land was an "illusion" that quickly passed away.

"If Cory (Aguinaldo) has sincerely to do genuine land reform, then she can do it," he says. "But we look at Congress and at the whole system in the country."

He is referring to the way that political power and land have been inextricably linked together

from Spanish colonial times, in the 19th century to the present. According to Senator Hebranson Alvarez, who is fighting to keep land reform legislation alive, the old land-owning families and their surrogates in the House of Representatives "have come together and are mounting an attack."

Earlier this year the House voted, 119 against 46, for a version of land reform that its authors admit is a stalling tactic and would leave most landlords with their land intact.

A House and Senate conference committee is now sitting to reconcile the two versions of the bill, while President Corason Aquino has steered clear of the debate. Before she lost her post in the newly elected Congress in 1987, she passed a bill outlining, in very general terms, her administration's backing for land reform.

But Mrs Aquino, whose family owns one of the country's largest sugar estates, left all the explosive details to Congress, thereby missing the opportunity to change the face of Philippine politics.

The cost is perhaps the long-run strengthening of the hand of the left," says the disillusioned Senator Alvarez. "The countryside will die. It is very vulnerable to more radical solutions."

His attitude is typical of Filipino and foreign observers who believe the 20-year long insurgency is a homespun peasant revolt based on a struggle for land rather than a revolution that has deep ideological roots.

But he is also fully aware of the magnitude of the task. Even though the land reform schemes all include compensation for the landlords, what the country's elite is really being asked to do is to give up its source of political power. "You release the people from bondage and you release the vote," he says.

To his namesake, Alberto Alvarez, 70 miles south of Manila

in Tataria, even Senator Alvarez holds out no hope. His local farmers' group has tried to take the initiative.

They have squatted on a small amount of land that belongs to associates of former President Ferdinand Marcos who are no longer in the country, and they have tried to set up a co-operative.

But progress is halting and lonely without support from the Government. Inevitably, they spend hours musing about what they have always seen as their land and the history of the peasant struggle.

To them, the massacre of 16 peasants by Government marines in Manila during a rally for land reform in January 1986 was far more momentous than the dramatic removal of Marcos by a civilian-backed military revolt almost a year earlier.

They retell stories, now veiled in mystery and myth, of how they lost the land. Their forefathers, Alberto Alvarez says, had been clearing trees there, long before Aguinaldo arrived to claim the land in 1911, by which time he was a former president and colonial subject of the Americans, like all Filipinos.

Because they were ignorant and they recognised Aguinaldo as the former president, they simply bowed their heads and moved off the land, he recounts. They giggle now that their children are correcting their teachers' accounts of Philippine history.

To them, Aguinaldo is not the national hero. It is Andres Bonifacio, the country's first peasant rebel leader, who Aguinaldo had killed so he could become President himself in 1899.

True or not - Filipino historians do not agree - it is what Alberto Alvarez and his family believe.

"Aguinaldo could not accept that the first president of the country could be a peasant so he had him killed," he says.

US envoy in Kuwait for Middle East peace talks

GENERAL Vernon Walters, the US Ambassador to the United Nations, conferred yesterday with Kuwait's emir on ways of ending the Iran-Iraq war and the Palestinian problem, the Kuwait News Agency has reported. AP reports from Kuwait.

Gen Walters was received by Sheik Jaber Al-Ahmed Al-Sabah, the agency said, but gave no details of the discussions.

Gen Walters also met the Crown Prince and Prime Minister, Sheik Sand Al-Abdullah Al-Sabah, the agency reported.

When Gen Walters arrived in Kuwait on Sunday, sources said, he sought to sound out Kuwaiti officials on how to implement the UN Security Council's resolution calling for a cease-fire in the Gulf conflict.

Gen Walters, who is touring several Arab countries, flew to Kuwait from Iraq, which has said it will observe the UN resolution if Iran does. Iran has demanded that Iraq must first be branded the aggressor.

The United States has sought a follow-up resolution to impose an arms embargo on the Iranians for failing to give an unequivocal response.

Gen Walters complained in Baghdad that the Soviet Union and China "are not as forthcoming as we want them to be" on an arms embargo.

Moscow is Iraq's main arms supplier. US officials said China has sold Iran missiles, aircraft and tanks.

The Soviet Union, China, the US, Britain and France are permanent members of the UN Security Council.

Kuwait, among the Gulf Arab states, has been hardest hit by the war. Iran accuses it of aiding Iraq and has fired missiles at its coastal regions and attacked its ships.

Tunis, Tripoli ease border rules

BY FRANCIS GHILES

TUNISIA and Libya, in a sign of rapidly improving relations, have agreed to remove restrictions on movement of goods and people across their border.

Following a visit to Tunisia by Col. Muammar Gaddafi, the Libyan leader on Sunday, the two countries agreed to issue a common identity card, which would allow citizens of one country the right to reside, work and own property in the other.

It was the third visit to the country by Col. Gaddafi in six months and underlined how far relations between the two countries have come since Tunisian President Zine El Abidine Ben Ali succeeded Habib Bourguiba last November.

Since the frontiers between Tunisia and Libya were reopened at the end of last year, Tunisian nationals, especially from the impoverished southern provinces, have been travelling back south in search of work. The borders had been closed in summer 1984, when the Libyan leader expelled over 30,000 Tunisians working in his country.

Ten of thousands of Libyan tourists are meanwhile streaming to their northern neighbour in order to sample its relatively easy-going lifestyle. They are expected to contribute at least \$15m to Tunisia's foreign earnings from tourism which last year amounted to an estimated \$500m. Considering the value of Tunisian exports to Libya and receipts from Tunisians working

in Libya, improved relations between the two countries will be of considerable importance to North Africa's smallest state.

Improved relations could also lead to a more active role for the joint Libyan-Tunisian investment bank and the creation of much needed employment opportunities in Tunisia.

They could also result in a decline in expenditure on defence, a heavy burden in recent years, and greater stability in the region. Such stability can only help Tunisia develop its tourist industry which, since the collapse in the price of crude oil two years ago, has become the country's major foreign income source.

Sogetma said in April that Nigeria Airways owed a further \$8m to the makers of the wide-bodied European jets.

Maj-Gen Bajowa said in Lagos that the debt had reached \$11m and that he was continuing his efforts to settle it. But he claimed the latest seizure was unfair.

Nigeria Airways' debt crisis deepens

NIGERIA AIRWAYS was plunged deeper into crisis at the weekend after another of its aircraft was seized in France over a \$20m debt, Reuters reports from Lagos.

The national airline's managing director, Major-General Olu Bajowa, said on Sunday a French court had prevented the Airbus A310 from flying home after repairs necessitated by a crash

landing last September. The French maintenance company, Sogetma, seized the first Airbus last January, alleging non-payment of \$15m, and this latest move leaves Nigeria Airways with just one operational Airbus out of the four it owns.

Two are now blocked at Meringue airport in Bordeaux and a third is parked in a hangar at

Lagos airport awaiting spares. Sogetma said in April that Nigeria Airways owed a further \$8m to the makers of the wide-bodied European jets.

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Large advertisement for Sharp FO-80 fax machine, with headline 'THE ABILITY TO FAX THE UNFAXABLE' and 'THAT'S SHARP'.

Advertisement for Sharp FO-80, FO-210, and FO-3200 fax models, listing features and providing contact information for more details.

# Poll points to easy Salinas victory

BY DAVID GARDNER IN MEXICO CITY

MR Carlos Salinas de Gortari, the candidate of Mexico's Institutional Revolutionary Party (PRI) regime to succeed Mr Miguel de la Madrid in presidential elections on July 6, would win by a substantial margin, according to an opinion poll published yesterday by the centre-left daily La Jornada.

has displaced Mr Manuel Clouthier of the right-wing PAN as Mr Salinas's closest rival. Mr Cardenas, the son of the revered 1930s president, Gen Lazaro Cardenas, is given 28.3 per cent of preferences as "the best presidential candidate", against the 9.9 per cent of Mr Clouthier, a former businessmen's leader.

shows that it remains Mexico's second party but that Mr Cardenas's personal following eclipses Mr Clouthier's. Mr Cardenas, who is mounting the most threatening campaign the PRI has faced since 1940, when his father stepped down, has been drawing huge crowds. PRI strategists, while claiming he represents no threat, have used their de facto control of the media to try to discredit him as a neo-populist anachronism who would plunge Mexico into chaos and bloodshed.

They have also tried to mobilise opinion against Mr Cardenas appearing on Thursday at the National Autonomous University, Mexico's public universities are "autonomous" and are allowed to operate as left-wing bastions as a way of keeping the left ineffectual and out of mainstream politics. A respected former minister said: "If Cuauhtemoc (Cardenas) goes to the UNAM we risk destabilisation of all the universities but if he doesn't, his candidacy is dead."

## Reagan envoy to hold talks with Noriega

By Lionel Barber in Washington

PRESIDENT Reagan has sent a senior envoy to Panama to continue talks aimed at ousting the country's strongman, Gen Manuel Noriega.

## Mexico risk on exchange rate

BY DAVID GARDNER

MEXICO is to keep its exchange rate frozen until at least the end of August as part of its anti-inflation shock plan, the Government announced on Sunday night.

that the anti-inflation drive is working. The rate of price rises has dropped from 15 per cent a month at the outset of the plan, known as the Economic Solidarity Pact, to an estimated figure of below 2 per cent for this month. The peso has effectively been frozen against the dollar since mid-December, anchoring the plan.

Announcing that wages and prices would remain frozen for three more months, Mr Arsenio Farell, the Labour Minister, said that in the first quarter government income had risen 9.5 per cent in real terms against the same period last year while spending had fallen 8.7 per cent.

The White House hopes that Mr Michael Kozak, a senior US State Department official, can wrap up a deal with Gen Noriega before Mr Reagan leaves tomorrow for his summit in Moscow with Mr Mikhail Gorbachev.

## Tyres deal boosts hopes on pay

BY ANATOLE KALETSKY IN NEW YORK

THE United Rubber Workers, the main union in the US tyre and rubber industry, said yesterday that its members had accepted pay deals which would boost real wages by less than 1 per cent over the next three years.

last month over the company's proposal, which would have offered workers no guaranteed pay increase beyond an annual cost-of-living adjustment. Workers at Firestone, which has recently been taken over by Bridgestone of Japan, went on strike over a pay offer broadly similar to the initial Goodyear proposal.

there will be no real gain in the workers' inflation-adjusted pay at the end of the contract period. Although the union pay deal covers only about 15,000 workers at Goodyear and about the same number at other companies, it is considered a significant pointer to trends in the rest of US manufacturing industry.

## IMF chief warns of inflation dangers

By Lionel Barber in Washington

MR MICHEL CAMDESSUS, managing director of the International Monetary Fund, yesterday issued a warning about the resurgence of world inflation. He said monetary expansion in a number of industrialised countries, notably the US, had lately been relatively rapid.

While sensible policies should ensure that inflation remains subdued, "governments will have to be particularly vigilant in this area," he declared.

Mr Camdessus was speaking before the Australian Institute of Management's Bicentennial International Management Conference at the Gold Coast in Queensland, Australia.

## CORRECTION

Repremar In a story on May 10 we reported that Repreimar, which owns the Falklands Squid Company and operates out of Port Stanley, is owned by an Argentine company. Repreimar is in fact a Uruguayan company.

## Brazil's market planners tumble across the light

Ivo Dornelles analyses the doubts over the prospects for the new economic package aimed at liberalising trade



da Nobrega needs rapid deal

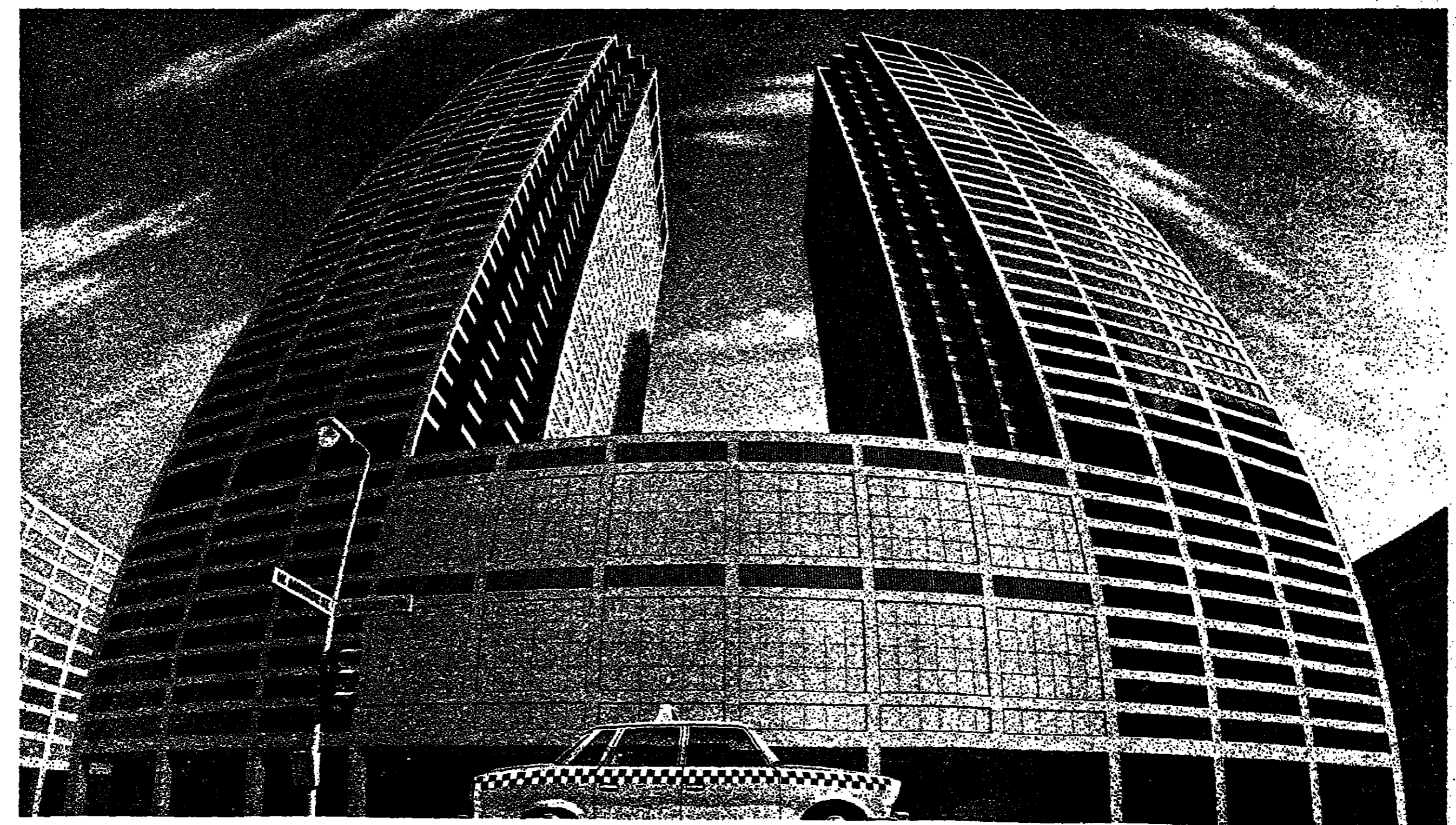
AFTER EIGHTEEN MONTHS of groping in the economic dark following the end of the disastrous price-freezing cruzado plan, Brazil seems now finally to have stumbled across the light-switch.

Whether, however, the new-found verities of public sector austerity and trade liberalisation will be effectively carried through is the question now intriguing the business and, most of all, the international financial community, currently perusing the terms for a new batch of loans to shore up the country's battered economy.

That, after months of vacillation, such a question is even being asked is, in itself, an extremely positive sign. At the beginning of May, a staccato series of measures to cut the country's public sector deficit from over 7 per cent to 4 per cent of gross domestic product (GDP) had looked hesitant and half-hearted.

Moreover, vital questions have still to be answered on the exact terms of the liberalisation. What, for example, will be the rulings on imported technical goods containing micro-processors? Currently, licenses for such equipment can be handed out-right by the SBI, the state computer industry secretariat which examines and administers production of the sector. Without some revision here many of the technological provisions will be worthless.

Recent signals, however, suggest that pressures from Brazilian industry are already clipping SBI's wings and that the secretariat is now ready to compromise, if only to ensure its survival. Less compromising, on the other hand, is Congress itself. So far, still absorbed by drafting the new constitution, the 538 deputies and senators have all but ignored both the trade measures and the budget cuts.



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WORLD TRADE NEWS

Rolls-Royce in engine pact with ILFC

By Lynton McLain
ROLLS-ROYCE, the UK aero-engine builder, and International Lease Finance Corporation (ILFC) of the US reached agreement yesterday for the supply of 25 Rolls-Royce engines to power three types of Boeing airliner.

Nancy Dunne reports on the plant closure debate, an issue generating public sympathy for unions for the first time in years

Business and labour do battle over Trade Bill measure

AT THE Capitol Hill signing of the 1988 Trade Bill, Democratic leaders brought out several workers to plead for President Reagan's signature on the legislation. One by one, they told of long years of hard work for a single employer, who then fired them with a few minutes' notice.

The dramatic ceremony, although blatantly contrived to serve the Democrats in the November election, kept the focus on a single issue in the Trade Bill - the requirement that plants employing at least 100 workers give 60 days' notice before layoffs.

The significance of the measure is mostly symbolic. It has a number of exceptions - as in closures due to "unforeseeable circumstances" - and it is enforceable by a fine of a mere \$500 per day for the 60-day period.



Dukakis: central issue

unemployment of 7.4 per cent would have been higher had not so many workers fled the state looking for jobs elsewhere. Mr Harry Lester, director of the local United Steelworkers, testified in favour of the bill, citing one recent shutdown at Almore Minerals in Detroit where workers were given only four hours' notice.

having to sue employers in order to enforce the benefits that we have already negotiated. Despite the arguments for the measure in a large pro-union state, there is widespread fear in Michigan that the law would discourage the new businesses the state government is working so hard to attract.

The debate provides a red hot issue for Massachusetts Governor Michael Dukakis, the probable Democratic presidential candidate, whose state has had a voluntary plant-closing law on the books since 1984 without driving away business. There, employers are required to give a good-faith pledge to notify their workers of layoffs. The state then provides retraining at job centres or loans and grants to help companies stay in business.

Japan set for beef concessions

BY IAN RODGER IN TOKYO
THE Japanese Government appears ready to make fresh concessions aimed at settling the long dispute with the US over Japan's protection of its beef and citrus markets.

Japan's chief cabinet secretary, Mr Keizo Obuchi, hinted at the weekend that Japan would withdraw its proposal to impose surcharges on beef imports when the current system of volume quotas was dropped.

However, beef and citrus producers in Japan have considerable political muscle, and so government leaders have had great difficulty in winning the support of both the Cabinet and the ruling Liberal Democratic Party (LDP) for radical reform of the protection system.

Miti 'fears setback for trade surplus'

By Ian Rodger
JAPAN'S Ministry of International Trade and Industry fears the country's merchandise trade surplus in the fiscal year to March 31 1988 will remain at \$76bn (\$42bn), the same level as last year, according to a newspaper report in Tokyo.

Taipei checks coal contracts

BY BOB KING IN TAIPEI
COAL-PURCHASE contracts signed by the state-owned Taiwan Power Company with US suppliers from 1980 to 1984 are being investigated by Taiwan's Control Yuan, a government watchdog agency.

South Africa were far lower. Mr Lee Tai-hai, Economics Minister, earlier this month assured Parliament the Government would prosecute any officials it suspected of illegal conduct or dereliction of duty involving the purchases.

stuck when world prices declined. As a result, the Yuan charges, the company was forced to pay as much as 50 per cent more than the prevailing prices from other suppliers.

Spain, Indonesia to market aircraft in US

SPAIN and Indonesia are jointly to market aircraft in the US, Reuters reports from Jakarta.

Matsushita in computer deal

BY OUR TOKYO CORRESPONDENT
MATSUBITA Electric Industrial, the leading Japanese consumer and industrial electronics group, has agreed to produce personal computers in the US for IBM.

The US authorities deemed the kits to be personal computers and therefore subject to the tariffs. Meanwhile, the increase in the value of the yen against the dollar has been such that Matsushita has concluded it would no longer be worth making the kits in Japan even if the tariffs were removed.

Nigerian Airbus held over debt

ANOTHER aircraft of Nigeria Airways has been seized in France over a \$20m debt, Reuters reports from Lagos.

Financial Advisers

- 1. Goldman Sachs Int'l (12)
2. Morgan Grenfell (7)
3. Shearson Lehman Bros
4. Kleinwort Benson (4)
5. Schroders (3)
6. N M Rothschild (10)
7. Lazard Freres (9)
8. Paribas (14)
9. S G Warburg (2)
10. Samuel Montagu

Gen Bajowa says...

Major-General Olu Bajowa, the national airline's managing director, said a French court had prevented the Airbus A310 from flying home after it had been repaired.

International travel...

The airline said its combined debt to foreign and local contractors and to the International Air Transport Association was Naira 1.6bn (\$200m).

from Buntl at 420p a share in 1986, has for the second year running reported a downturn in profits. Results for the year ended December show a pre-tax profit of £11.55 million against £12.59 million in 1986.

encouraged by the strength of the pound, are showing a sharply increased interest in acquisitions in mainland Europe. The latest figures show that their enthusiasm for the United States also remains undiminished.

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THE FUEL THAT PROFITS INDUSTRY

UK NEWS

# Ericsson 'left out of' £100m BT telecoms order

BY HUGO DIXON

ERICSSON, the Swedish telecommunications manufacturer, has been left out of the latest batch of orders from British Telecom for new digital exchanges. It claimed, however, that this was a temporary gap reflecting a change in BT's contracts rather than a switch in BT's strategy.

GEC Flessey Telecommunications (GFT), the newly merged UK manufacturer, received the vast majority of the latest £100m order for 800,000 exchange lines. BT is installing exchanges as part of its modernisation programme.

Ericsson, which in previous batches seemed set to capture a

third of the BT market, received only a small order for extensions to exchanges it had already supplied.

Mr Duncan MacDonald, managing director of Thorn Ericsson, the Swedish company's UK joint venture, said the reason was that BT was changing to long-term contracts with its suppliers to replace the previous system of quarterly batches. GFT has already negotiated such a contract, but Ericsson is still in negotiations.

When the contract was finalised, however, Ericsson anticipated holding its market share of a third, Mr MacDonald said.

## Blank-tape battle resumes

THE BATTLE between the music and computer software industries over a proposed blank-tape levy debated again in the bill's committee stage.

The software industry is lobbying against the amendment, arguing that it would cost software manufacturers millions of pounds a year in lost copyright revenue, as blank tapes can be used to copy certain types of software as well as music.

The effect was defeated in the House of Lords, the matter is being debated again in the bill's committee stage.

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## CUTLERY AND SILVERWARE MAKERS SEE SURVIVAL FIGHT AHEAD

# Plea for end to disguised imports

BY MICK GARNETT

WHAT REMAINS of the British cutlery and silverware industry could be wiped out after the European market further reduces trade barriers in 1992, trade associations representing the industry said yesterday.

The Association of British Cutlers and Allied Trades believes that imports into the UK of cutlery and silverware manufactured in the Far East but stamped as produced in Europe will rise steeply unless changes are made in European Community rules.

The UK cutlery and silverware industry has shrunk dramatically over the last 30 years. Imports of

knives and forks now account for 93 per cent of the UK market and employment in cutlery manufacturing in Sheffield has declined to an all-time low of 3,000.

The industry believes, though, that even this remaining sector is under threat. Two years ago Britain was obliged to end the practice of ensuring that imported cutlery had to be stamped with the country of origin.

This was done to bring the UK in line with the rest of the EC where it is possible, for example to import Korean made knives into the Netherlands and stamp

them "made in Holland" for re-export.

British cutlery makers say France and Italy are protected markets for which products made in the Far East are largely excluded.

Association members said yesterday that if the French and Italian markets were opened up it would allow another supply source for "disguised imports" from the Far East supplying the UK with cutlery and silverware marked as being made in those European countries.

The UK industry has been trying to persuade Government ministers that rules on country of

origin markings should be introduced to prevent any further encroachment of disguised imports.

"If this subject is not tackled now then by 1992 EC countries which have enjoyed protection denied to UK manufacturers could seriously disrupt if not destroy the British cutlery and silverware industries," the association said.

"The spectre of 1992 so heralded by the Government will bring European practices to the UK which means more disguised imports."

# Britain accused of narrow view on 1992

BY GUY DE JONGHERES, INTERNATIONAL BUSINESS EDITOR

MR DAVID WILLIAMSON, the most senior British permanent official in the European Community and until recently an influential Downing Street adviser, yesterday accused the UK of talking too narrow a view of the EC's plans to create a single market by 1992.

Mr Williamson, who was deputy secretary for EC affairs in the Cabinet Office until he became secretary-general of the European Commission, its top civil servant, six months ago, said in London: "In the UK, there is rather a heavy concentration on

the internal market as a cash register operation."

Though improving market access by demolishing national barriers to trade was essential, the Community must also decide accompanying economic, social and structural policy measures to achieve the full benefits of a unified market.

"It is not actually a very sensible vision to say we're just going to trade left, right and centre and we're not going to take account of other things," he said.

Mr Williamson sought to mollify UK sensitivities on two other

contentious aspects of the plan. He insisted that the planned removal of internal EC customs barriers did not mean ending all controls on terrorism, drugs trafficking and rabies.

But he declined to say whether Britain and other countries would be permitted to keep frontier controls after 1992, as some UK ministers have said they would like.

He also appeared to have reservations about some EC proposals for harmonised social legislation, which could affect companies' relations with their employees.

These proposals, strongly supported by Mr Jacques Delors, the EC Commission president, are being resisted by Britain.

He expected the EC council of ministers to agree this year on commission proposals to liberalise capital movements, introduce mutual recognition of professional qualifications and to open up some areas of public procurement. Though the EC would undoubtedly face difficulties agreeing on some aspects of the single market programme, he was confident that these would be resolved.

# Growth of venture capital industry 'an 80s success story'

BY HAZEL DUFFY AND IAN HAMILTON FAZEY

LORD YOUNG, Trade and Industry Secretary, said yesterday the growth of the venture capital industry in Britain "must be one of the main success stories of the 1980s."

He told a conference in Newcastle organised by the British Venture Capital Association and Price Waterhouse that the industry had grown from 20 funds investing less than £100m annually in the early 1980s to more than 100 funds investing more than £1bn last year. "In passing to GDE, the venture capital pool is now larger than in the UK."

The industry had been criticised for being concentrated in the south-east, but he noted that in the north-east, in addition to Northern Investors and Investors in Industry which have been operating in the region for some time, more venture capital providers like the Northumbrian Unit Trust were establishing a stronger presence.

Lord Young said economic recovery in Britain was "not just a south eastern phenomenon. All regions are sharing in it, not least the north east where unemployment has fallen for the 17th consecutive month and is at its lowest level since 1981."

Lord Young said earlier that the north east has acquired "a tremendously high reputation for quality and output."



Lord Young: Investment larger than the US in GDP terms

The conference also heard that Britain's best entrepreneurs were motivated by profitability, market share and sales. They found companies that grew at least three times faster than most new businesses, whose founders are more concerned with personal job satisfaction and a comfortable lifestyle.

These findings have emerged from a study of what makes the fast growth in new businesses. It was funded by Price Waterhouse and the Department of Industry, and carried out by Dr David Storey of Warwick University's Small Business Centre.

Dr Storey said fast growth businesses founded in the 1980s employed three times more than other new businesses while those which were started in the 1970s were already five times bigger than their contemporaries.

Marketing was a key factor. All but 6 per cent of the fast growers had a marketing expert in their senior management. Only 37 per cent of the matching control group of slower growers had anyone with a marketing background involved.

There was also a big difference in export performance, with 45 per cent of fast growers exporting - nearly half of these in significant amounts. Only 15 per cent of the slower growers were exporters, with only one on 20 selling large a proportion of output abroad.

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# Glaxo recruits finance director from Lazards

BY PETER MARSH

GLAXO, Britain's biggest pharmaceutical company, yesterday ended a year-long search for a new finance director. It has appointed Mr John Hignett, at present a managing director at Lazard Brothers, the merchant bank, to take over the post from August.

Mr Hignett, who is 54 and a former director-general of the Takeover Panel, a City regulatory agency, will fill a vacancy to be left by the departure of Mr Charles Newcomb, the present finance director who retires on July 31.

Glaxo's search created comment after it advertised the post in newspapers, a course considered unusual for an appointment of this kind.

In the end, Glaxo said yesterday, the job was filled by the time-honoured technique of the old-boy network. Mr Newcomb agreed to take the position after being approached by Sir Paul Grolman, Glaxo's chairman, who

has known him for some 20 years.

Glaxo said, however, that its advertising had been "very effective". It had attracted a number of high-level candidates as a result of which the company could have filled its post "several times over".

Sir Paul, who was himself Glaxo's finance director between 1985 and 1990, is like Mr Hignett an accountant by background. They became acquainted through Lazard Brothers' work as Glaxo's merchant bank. Mr Hignett is already on the board of Glaxo Enterprises, a small Glaxo subsidiary concerned with fund management.

Mr Hignett has worked for Lazard Brothers since 1963, with the exception of a break between 1981 and 1984 when he had his job with the Takeover Panel. He was said by his office yesterday to be out all week on urgent business and so was not available for comment.

# Inner-city regeneration group makes £1m pre-tax

BY HAZEL DUFFY

INNER CITY Enterprises, the company owned by the big financial institutions which is involved in inner city regeneration projects, made a profit before tax of £1.04m in the year to March 31 1988, against £118,000 the previous year.

The profit increase has resulted from ICE's expanded activities in the past couple of years, and strengthen the fund. The creation of such a fund was proposed originally by the institutions to ask for an increase in funding.

ICE was set up five years ago to assess the viability of inner

city activities for its institutional shareholders, acting as a development agency. More recently it has gone into direct property development and property management.

Mr Wyndham Thomas, ICE chairman in his annual report, says that the objective of the company is to create ICEBERG - "an active pooled investment fund." The creation of such a fund was proposed originally by the institutions to ask for an increase in funding.

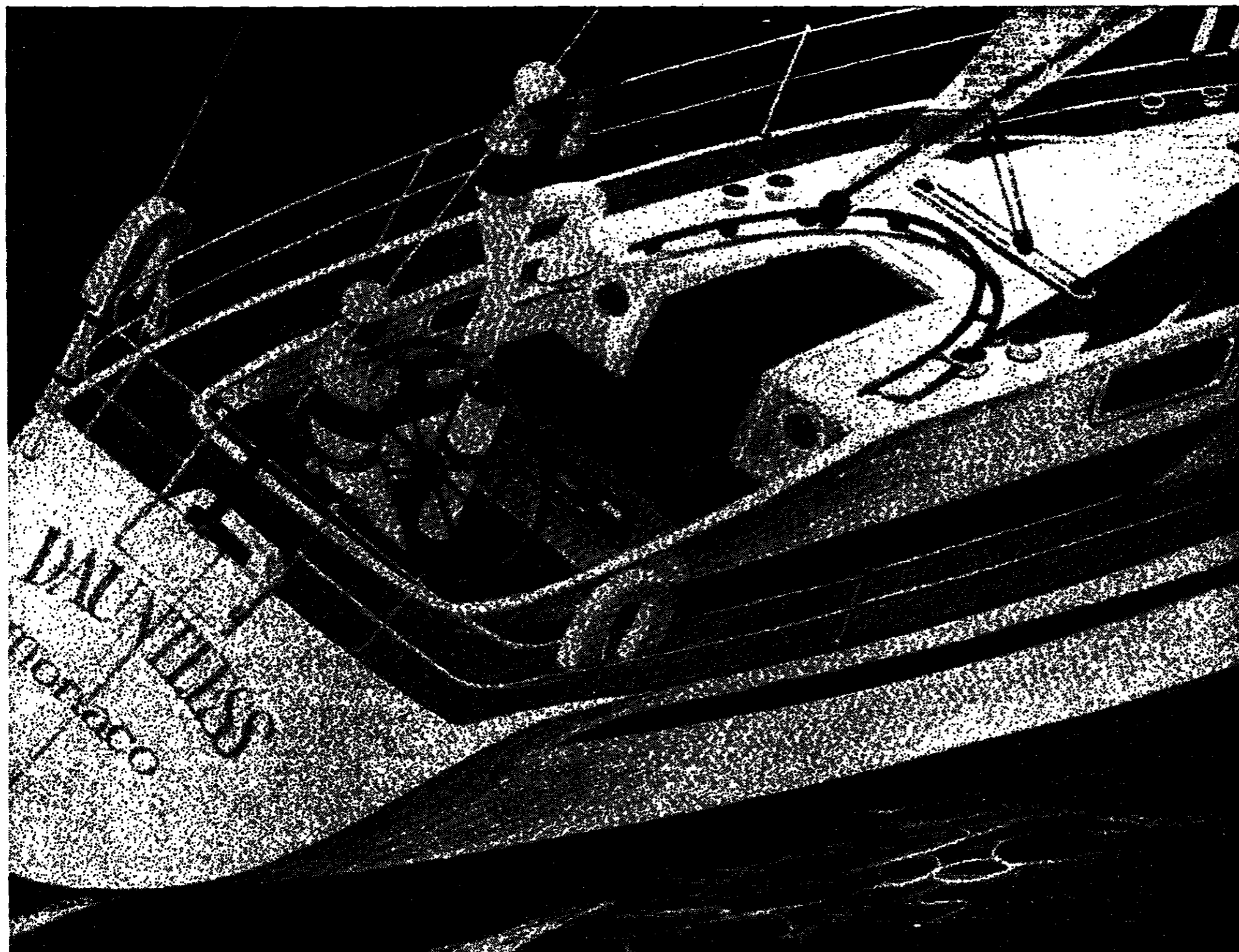
ICE was set up five years ago to assess the viability of inner

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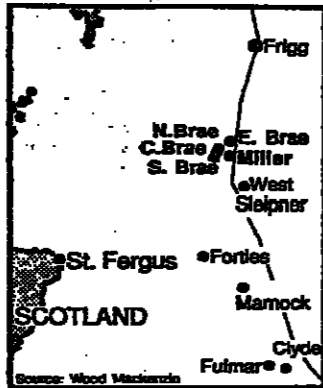


UK NEWS

Marathon and BP may each build gas pipe

BY MAX WILKINSON, RESOURCES EDITOR

THE BATTLE between British Petroleum and Marathon Oil of the US about who should build a \$500m gas-gathering pipeline in the North Sea is likely to be resolved by each company building its own.



Last year the Department of Energy refused to agree to the idea of two separate systems to collect gas from nearby fields including Brae and Miller in the central section of the North Sea. It ordered the groups headed by Marathon, operator of Brae and BP, operator of the Miller field, to sink their differences and produce a joint plan.

However, after talks had reached an advanced stage, the two sides reached deadlock on the question of how to apportion the costs of cleaning up the gas. Miller gas is "dirtier" than that from Brae, containing higher proportions of carbon dioxide and hydrogen sulphide.

The impasse was broken in March when BP decided to sell its first, to the North of Scotland Hydro Electric Board for burning in a power station. In this case it would not need to be cleaned. Marathon would then need a considerably smaller processing plant for its gas when it landed at St Fergus in Scotland.

Since the Miller project is scheduled to produce in gas in three years' time - some two to four years ahead of Brae - BP may hope for the strategic advantage of having a large pipeline already in existence by the time that Marathon gets round to construction.

Economic growth slackens in first quarter

By Ralph Adkins

THE BRITISH economy continued to grow strongly in the first three months of this year, although at a slightly slower rate than the exceptionally fast spurt seen in the second half of 1987, according to official figures yesterday.

For January-March, the output-based measure of gross domestic product was 4.6 per cent higher than in the same three months a year before and 0.25 per cent up on October-December 1987. The annual rate of increase then had been 5.2 per cent.

There had been a 1 per cent rise between the third and fourth quarters of last year. The output measure is one of three different ways of calculating economic activity used by the Central Statistical Office. It is usually thought to be the most reliable indicator of short-term movements.

The average measure shows the British economy grew by 4.3 per cent last year. In the Budget the Government forecast 3 per cent growth this year.

A slowdown in the pace of growth had been widely expected and yesterday's figures will ease only slightly the fears of some analysts that the economy is growing at an unsustainable rate.

John Lloyd gathers reaction to the Prime Minister's speech on Christian values Thatcher's religious insight strikes a chord

THE SPEECH by Mrs Margaret Thatcher, Prime Minister, to the General Assembly of the Church of Scotland over the weekend - in which she invoked scripture to underpin the virtues of individual responsibility, personal charity and "spiritual redemption" - has struck powerful resonance in the breast of at least one of its communicants.



Margaret Thatcher: "we cannot blame society"

Sir Hector Laing, chairman of United Biscuits, was moved to quote Sophocles ("or someone like that - of course I knew him well") to the effect that "when the freedom the citizens of Athens wanted most was the freedom from responsibility, then Athens ceases to be free."

This, Sir Hector said, spoke to the fact that the Government had created freedom and it was now up to all to use it with responsibility.

Mrs Thatcher's speech, advertised as a keynote statement of principles, is also seen by both right and left as a gauntlet thrown down to those in her own party who favour a Conservatism more oriented to social justice.

Mrs Thatcher spoke of her belief in the relevance of Christianity to public policy - "to the things that are Caesar's."

She went on to tell church leaders that any set of social and economic arrangements that were not founded on the acceptance of individual responsibility would do nothing but harm,

adding: "We are all responsible for our own actions; we cannot blame society if we disobey the law; we simply cannot delegate the exercise of mercy and generosity to others."

Politicians and other secular powers should strive to bring out good in people and fight down the bad, but they could not create the one or abolish the other. They could only see that the laws encouraged the best instincts.

Sir Hector, a strong Government supporter, said: "I spent some time at the weekend being interviewed by the BBC's Pan-

orama who suggested to me - in the nicest possible way of course - that I had substantially benefited from the budget and did I not feel bad about that? And I said, not at all. Wealth is a responsibility and a privilege and one has to use it in that way."

He agreed wholly with Mrs Thatcher's view that church and state moved in separate spheres. "Look, the government is there to protect the trade routes, uphold the currency and preserve law and order. It is then up to the individual to try to keep up society as he would like it to be."

It resonated, too, in the breast of Professor Kenneth Minogue, Professor of Political Science at the London School of Economics.

"It's up to the church to flail the sinners on greed and morality. Governments get ahead and govern."

However, Professor Minogue, who achieved prominence as the television presenter of the "New Enlightenment" series on the advance of the liberal right, was worried about the "nasty underside" which has Mrs Thatcher, and Mr Douglas Hurd, the Home Secretary, becoming the electorate on their duties - "I think they should just shut up there: I think that's the main weakness of the Thatcher government."

Professor Alan Budd, director of the London Business School, says he cannot see much sign of business responding to calls for



Sir Hector Laing: "wealth is a responsibility"

social responsibilities: "You could argue that they should: that their new profitability has been made possible by the redundancies they made. But I think they are still at the first stage - making the profits: they're not yet at the stage of distributing them."

Those whose thinking leads them to the left of the spectrum naturally view the speech with-out much charity.

Professor Raymond Plant, who heads the politics department at Southampton and who has been the prime mover of the Socialist

Philosophers' Group, says that Mrs Thatcher is seeking to prove that the "trickle down" effect plus personal charity can take the place of much state provision.

"As for criticising the churches for intruding - the government has itself moralised the social sphere, by talking of dependency and trying to create a new model individual - she cannot blame the churches for posing their moral view."

"She assumes a rigid distinction between personal morality and the outcomes of economic decisions: even if the market were amoral, as she and others have claimed, it's perfectly open to governments to intervene in its outcomes."

A.H. Halsey, Professor of Social and Administrative Studies at Oxford, thought the speech "humbly". He was prepared to allow "that it's not total cynicism on her part: she believes some of it; but she wants to tell people she belongs to a good tradition, and she doesn't."

"My view about biblical argument is that it's always selective: but I note that the churches, including the Catholic Church, are now all stressing the communitarian tradition in scriptures, and she's dead against that."

"I think it's changing now... There's a very deep distrust of money, and love of money - money as a way of life. That will count against her, increasingly."

Training of nurses to be reformed

By JOHN GAFFER, LABOUR STAFF

THE GOVERNMENT has agreed to a fundamental reform of nurse training within the National Health Service in exchange for relaxing restrictions on entry to the profession.

Mr John Moore, Social Services Secretary, said the Government had accepted in principle proposals made by the United Kingdom Central Council (UKCC) for Nursing, Midwifery and Health Visiting for a unified grade of qualified nurse, each of whom would receive three years' training.

But Mr Moore told the Royal College of Nursing's (RCN) annual congress that recruitment of enrolled nurses - the junior of the two existing nurse grades - would not be ended until there was agreement on lowering academic entry requirements and introducing a new support grade of nursing assistant.

The Government is concerned that the training reform package, known as Project 2000, would add to NHS staffing shortages by taking student nurses off wards.

The announcement was welcomed by the RCN, the biggest nursing union, but criticised by the two other health service unions, Nupe and Cobse.

Mr Moore indicated that student nurses, who will be paid bursaries rather than salaries when the reform is introduced, will be then be able to pay only 20 per cent of the proposed community charge, or poll tax, along with other students.

He told the congress that student nurses will no longer be regarded as "pairs of hands". The reform is expected by the UKCC to reduce the contribution made by students to hospital manpower from about 80 per cent to 20 per cent.

Nurse training will in future



John Moore: Concern over staffing shortages

consist of a common 18 month foundation programme, followed by a further 18 months spent in one of four specialist branch programmes.

The Government is likely to insist on a clear mechanism for some nursing assistants to be able to take further training to become qualified nurses.

Mr Moore hoped the first Project 2000-based training courses would start next year.

There are 457,000 nurses in Britain, of whom 294,000 are qualified and about 111,000 are auxiliaries. The UKCC estimates that because of the fall in the number of school leavers there could be a shortfall of 16,000 entrants to nurse training by 1995 unless action is taken.

Mr Bob Jones, Nupe national secretary for health, said the announcement confirmed the union's fear that the Government wanted to move towards a cheaper form of nursing through the increased use of nursing assistants.

Airline abandons fight

By LYNTON MCLAIN

BRITISH AIRWAYS has abandoned its fight to win back the European routes flown by British Caledonian Airways before its takeover by BA.

It said it was not prepared to devote more money to what is becoming a pointless exercise.

The decision comes days after the Civil Aviation Authority ruled against BA's attempt to

regain the right to former BCal routes between Gatwick Airport, London, and Paris and Brussels.

BA said it would withdraw from the remainder of the route licence hearings for BCal Gatwick routes.

The CAA had said its decision was "to encourage competition between services from Heathrow and those from Gatwick."

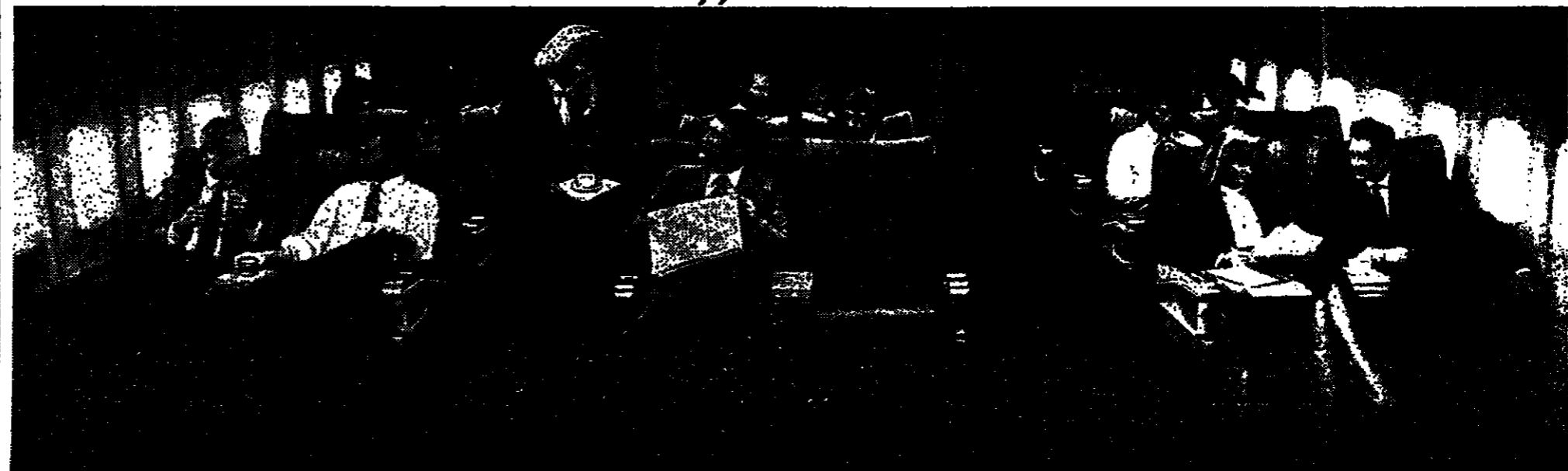
Hollis leaves engineering

By Clay Harris

HOLLIS, the diversified industrial and services company, is to sell the engineering and merchanting businesses assembled in a series of acquisitions since Mr Robert Maxwell's Pergamon Holdings took control of the troubled furniture maker in 1982.

The disposal, to a management buy-out, is worth nearly \$120m. This exceeds Hollis's market value of \$103.4m, even after yesterday's 1 1/2p rise to 125p in its share price.

Mr Maxwell said he had abandoned his ambition to develop Hollis into a substantial science-based engineering group.



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UK NEWS

Kevin Done looks at a new £55m development centre for Britain's luxury car maker

Jaguar leaps forward to reverse decline

Earlier forecasts of a modest recovery in 1988 have been replaced by brokers seeking to forecast the extent of further reductions in profits. Jaguar is having to run very hard just to stand still

THE DISTANCE from Browns Lane to Whitley in Coventry is only about six miles, but for Jaguar's engineers the two sites could be light years apart. For a long time the engineering staff have been the Cinderella of the company's financially pinched operations, labouring in the cramped conditions of Jaguar's main Browns Lane assembly plant to design and develop some of the world's most coveted luxury cars.

During the past year, however, they have begun to forsake the makeshift lean-to sheds and the roofs of Browns Lane for the modern world of computerised automotive engineering at the company's £55m purpose-built high-tech engineering centre at Whitley.

The centre's official opening yesterday by Lord Young, Trade and Industry Secretary, was a milestone in Jaguar's ambitious spending programme to overcome the years of neglect and underinvestment during its traumatic time as part of British Leyland.

Ironically, the opening comes when the City of London is more than ever preoccupied with the company's short-term financial prospects, as the benefits in terms of higher profits to be gained from the heavy capital expenditure programme - and facilities such as Whitley - appear to recede into an uncertain future.

The opening of Whitley and the

fall in the share price highlight Jaguar's dilemma, and it is only small comfort that its West German competitors, Mercedes-Benz, BMW and Porsche, are facing similar problems in the US. Mercedes-Benz has even had to stoop to offering US buyers a free trip to Europe to pick up their new car.

Sir John Egan, Jaguar chairman and chief executive, admitted last week that "it is going to be tough over the next couple of years." He revealed that Jaguar's capital spending programme this year would be cut to £120m compared with his March forecast of £140m, a clear sign that the company is having to draw in its horns.

Jaguar is in a quandary over how to proceed with its programme for hedging its US revenue, which has served to cushion it so far against the worst of the dollar's fall. It is covered for the whole of 1988 at an average exchange rate of £1.00/\$1.55, but Jaguar is now dragging its feet on future hedging with 50-60 per cent of 1989 hedged at \$1.70, according to Sir John.

The company's policy has been to cover forward on a rolling 12 month programme about 75 per cent of dollar revenues, but Jaguar is fearful of locking itself in for the future at current exchange rates. Sir John admitted that the company had not done any hedging for the past four to five months, but that decisions would have to be taken in the autumn. "There will be a moment when the dollar will turn," he insists as much in hope as conviction. The only question is when.

Jaguar is having to run very hard just to stand still, or more correctly not to slip backwards. Pre-tax profits fell by almost 20 per cent last year to \$37m from £120m in 1986, and earlier forecasts of a modest recovery in 1988 have been replaced by brokers seeking to forecast the extent of further decline.

Warburg and James Capel converge for the current year at \$27.5m-£90m, but next year Mr Bob Golding, Warburg's motor industry analyst, sees a further plunge to \$21.5m, while Mr Bob Barber of James Capel stresses that his 1989 forecast of pre-tax profits of \$28m is "achievable but a likely maximum."

"A 20 cents difference means an extra \$70m of profits," says Mr Barber. "They need to generate \$70m more in profits just to stand still. If you start out with the assumption that Jaguar is a £100m a year company, you are deceiving yourself."

In the past, City fears have been stilled by Jaguar's success in increasing sales and production - production is forecast to jump again from 48,000 in 1987 to 56,000 in 1988 and 60,000 in 1989 - and in raising productivity. However, the third pillar of its impressive recovery, namely an aggressive pricing policy in the US with increases of about 18 per cent in both 1986 and 1987, is being undermined by the weakness of the US luxury car sector. Jaguar's last price increase in the US was in October, and, although Sir John insists that "we have not discounted a car in the US yet," the present sales-incentives war hardly bodes well for making a price rise stick later

this year.

Jaguar is succeeding in reducing its overwhelming dependence on the US by opening new markets and increasing sales in the UK, continental Europe and the Far East, in particular Japan, but the US still accounted for 49 per cent or 22,919 of total retail sales of 46,643 units last year, down from 59.7 per cent in 1986. The share is likely to fall further to 44-45 per cent, but the fact remains, as Warburg points out, that "Jaguar sales in North America are vital by virtue of the simple fact that it has the largest number of people in the world who can afford the cars."

The City's preoccupation is inevitably short-term with the focus forming clearly around the date of December 31 1990 when the Government's "special share" protection against unwanted takeovers expires. For Jaguar management, too, the date looms large. Successively Ferrari, Lamborghini, Maserati, Lotus and Aston Martin have all been swallowed up by Fiat, Chrysler, General Motors and Ford. With its depressed share price Jaguar has little protection from future predators.

At the same time it is having to plan for the much longer term, and at Whitley it is working on product decisions that will shape its fate well into the next century.

"We felt we needed a world-class facility to design future products," says Sir John Egan. "This will greatly enhance our ability to compete in world markets."

When it is fully operational by the end of the year, Whitley will accommodate all Jaguar's product engineering functions including advanced engineering, vehicle and component development, vehicle safety and compliance, and engine testing.

The site, bought from Peugeot Talbot in 1985, was originally an airfield and was later used for aircraft manufacture - most famously the Armstrong Whitworth Whitley Bomber - and guided weapons development until it was purchased by Chrysler UK in 1986.

The Whitley engineering centre belatedly brings Jaguar to the forefront of the technology needed to develop and engineer tomorrow's cars. For the first time, it is designing and developing a new car, its planned range of sports cars (code-named the XJ41 or F-Type) due for launch in 1992-93, solely using computer-aided design techniques.

Mr Mike Bennet, chief engineer for new vehicle concepts, says that Jaguar is looking for time savings of one to two years in the development of models, reducing the cycle to five to six years.

Jaguar's move in recent years to computer-aided design means pressure on its components suppliers, which are also being forced to adopt such methods.

According to Mr Trevor Crisp, chief engineer of powertrain engineering, the new facility should improve dramatically the quality of design.

For the longer term such claims should gladden the City, fretful about Jaguar's ability to maintain quality standards and simultaneously raise production rapidly. And in the short-term at least the engineers are happy.

"We are overwhelmed," says Mr Ralph Smith, chief engineer of advanced engineering who joined Jaguar three years ago from British Aerospace. "It is unusual that engineers are put into such palatial surroundings."



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# TECHNOLOGY

Louise Kehoe explains why seeing is believing in the vaporous world of new computer products

## Don't hold your breath in the fog

IT IS SOMETIMES difficult to separate fact from fantasy in high technology industries. When a company announces a new product, for example, it is not unreasonable to assume that the product exists. But things are not always what they seem.

The software industry has coined the term "vapourware" for those nebulous products which have been announced, but have yet to materialise. The personal computer industry is engulfed in a cloud of vapourware, in which potential buyers are left guessing to find their way.

Software industry leaders Lotus and Ashton-Tate have both contributed to this sense of confusion. Business personal computer users eagerly awaiting a new version of Lotus's best-selling spreadsheet program 1-2-3 recently heard that the program would not be available in June, as originally promised.

Lotus's disappointing news drove the company's stock price down by about 11 per cent on the day of the announcement, demonstrating that vapourware can quickly transform itself into a hard-edged problem.

On the heels of Lotus's announcement came the revelation that Ashton-Tate only ranks its chances of meeting a July 31 shipment date for DBase IV, an upgraded version of its widely used data management system, at "better than 50 per cent."

Surprisingly, the stock market and potential customers were unimpressed. Microsoft's OS/2, the new personal computer operating system, is a potential candidate for the vapour.

Although Microsoft has met all its delivery dates so far, announcements of the program, including a graphics



interface called Presentation Manager, are still to come. A cloud of doubt has been cast over Presentation Manager by Apple Computer's lawsuit charging Microsoft with copyright infringement.

Apple claims that Microsoft's Windows, a graphics interface upon which Presentation Manager is to be based, is too much like the Apple Macintosh display.

The litigation could drag on for months, or even years. In the meantime, personal computer users are left waiting and wondering what the impact, if any, will be on Presentation Manager, which also raises doubts about adopting OS/2.

IBM and Microsoft, which designed OS/2, have been trying to put some solid ground beneath the new operating system with a promotional tour. At a recent computer show in Atlanta, IBM announced that 300 applications had been developed to run on the system.

Industry analysts say that it will be another 18 months, however, before important OS/2 applications come to market. In the meantime, users must try to fathom the potential benefits of an operating system that is designed to take advantage of features that few personal computers yet have.

**The cloud spreads**  
Software publishers are among the most prominent creators of vapourware, but they are by no means alone. The trend appears to be spreading into other sectors, including vapour chips, vapour disk drives

and some very foggy computer systems. Sorting out the real goods from those that are merely fond wishes in the minds of high technology executives is complicated by the practice of early announcement, which has become accepted in the highly competitive high tech world.

Tandy Corporation, for example, reported an exciting breakthrough in compact disk technology - a disk that can be erased and re-recorded. But the company admits it will be at least 18 months before this technology sees the light of day in a real product.

Optical storage technology experts who have had a chance to unravel Tandy's "secret" technology say that there are several problems still to be overcome. Some doubt that it will ever be suitable for computer data storage.

Tandy has, however, already gained world-wide attention from its announcement, enhanced its reputation as a technology leader and put a stake in the ground in the optical disk market. The only loser is the consumer, who might have thought that erasable compact disks would be available in his local store in the not too distant future. Don't hold your breath - seeing is believing.

But there is hope on the horizon for personal computer users who crave huge amounts of data storage. Last week Maxtor Corporation, a Silicon Valley disk drive maker, unveiled a real product, an erasable optical disk drive with removable media that stores up to one gigabyte of data per disk.

**The mist thickens**  
One of the most ballyhooed, yet unreal, products in the computer industry is Steve Jobs's Next computer. The former chairman and co-founder of Apple Computer has been promising for more than two years to unveil a spectacular desk-top computer designed to fulfil the dreams of college students and their teachers.

The computer industry rumour mill has repeatedly given false warnings

of an impending product announcement by Jobs's Next Inc. He said recently that his product would be introduced soon. Industry analysts suggest that Next must unveil its computer in June if it is to meet the purchasing schedules of colleges and universities, which make their buying decisions over the summer.

Jobs is renowned for his ability to miss product deadlines. The Apple Macintosh, for which Jobs was responsible before his dramatic exit from the company, was originally scheduled to be introduced in mid 1982 at a price of \$1,500. It was finally unveiled in January 1984 at about twice that price.

**Vapour engulfs chips**  
In the semiconductor industry, there is enormous pressure to foreshadow new generations of devices to potential customers, who may design them into future computers and other electronic equipment. Generally, chip makers brief their major customers on the basis of non-disclosure agreements. Inevitably, however, details leak out from time to time.

One example involves a rumoured microprocessor from Intel. The F8, as it is codenamed, is said to be a stripped down, low cost version of Intel's 386, the microprocessor used in many high performance personal computers. Using the F8, IBM and others are expected to be able to bring many of the advantages of the 386 to lower priced personal comput-

ers. Dataquest analysts predict, for example, that IBM will launch a personal computer costing less than \$1,500, probably based on the F8, within the next 12 months.

**Smoke and mirrors**  
Are RISC (Reduced Instruction Set Computer) workstations as fast as their makers claim? Apollo Computer, for example, says its latest Personal Supercomputer is 15 to 30 times faster than a Digital Equipment mini-computer (VAX 11/780).

But such measures of speed ignore other important features. It is like buying a car on the basis of its top speed without asking how many doors and seats it has.

Apollo conducted a series of benchmark tests which demonstrated that it had understated the performance of the Personal Supercomputer in its original announcement. However, comparing performance remains problematic. "Standard benchmarks can be used to classify computers, but the only true measure of performance is to run your own software on the machines," says Russ Barbour, vice president of advanced technology.

That is difficult because many computers are incompatible. Computer makers say they are moving towards "open" software standards so that most types of computer will be able to run the same software.

Like many things in the computer industry, however, it is far from clear when and if such standards will emerge.

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### A step nearer a vaccine for hepatitis

BY JOHN WICKS IN ZURICH

A BREAKTHROUGH in the prevention of hepatitis is being claimed by Biocine, a company jointly owned by the Swiss Ciba-Geigy group and the biotechnology concern, Ciron, of Emeryville, California.

Scientists working on the project say they have isolated proteins of the so-called non-A, non-B virus of hepatitis with the aid of genetic engineering. Infection with this blood-borne virus occurs primarily during transfusions.

Some 5 per cent of patients receiving blood in the US are said to come into contact with it. Half of them develop chronic hepatitis and a further fifth, cirrhosis of the liver.

Biocine's discovery opens the way to a screening test and a vaccine for acute and chronic

forms of related liver inflammation. The company has started the scale-up process for biotechnological manufacture of the proteins, permitting the development of immuno-diagnostic agents to screen donor blood and blood products, as well as vaccines to prevent infection. Since this will be a synthetic vaccine, there will be no risk of infection during its manufacture or administration.

The next step will be to try to isolate the whole virus to establish its causative role in hepatitis non-A, non-B.

An estimated 90 to 95 per cent of all cases of hepatitis arising after blood transfusions are attributed to the non-A, non-B virus, adding up to 150,000 cases annually in the US alone.

### WORTH WATCHING

Edited by Geoffrey Charlsh

#### Computers can learn from humans

A BASIC difference between a digital computer and the human brain is that the former works in steps on a task, while the latter can complete in one move.

Facial recognition is a good example. We immediately recognise a friend's face and put a name to it, whereas a computer fed by a camera might take thousands of times longer.

A team at AT&T Bell Laboratories in the US has been trying to emulate the human body's electrical message transmitter, the synapse. In humans, large numbers of these can operate simultaneously to produce rapid responses.

The Bell Labs experiment uses 14,000 light sensitive, electrically connected elements, or "synapses", made from silicon deposited as a thin film on a glass plate. Each is a light-controlled valve for electricity. By altering the amount of current passing through each synapse can be changed by a factor of 1,000.

The unique feature of the system, claims Bell Labs, is the simultaneous and completely variable control of a large number of synapses by a light pattern projected on to the glass plate. Ultimately, such control might allow some problems to be solved much more quickly than with a digital computer.

#### Sailing a truer course, automatically

YACHTSMEN can steer a truer course with autopilots using a system called Helmstar, from Brookes & Gatehouse (B&G), the UK marine electronics specialists.

Autopilots are based on compasses which produce an error signal if the boat is not steering the correct magnetic heading. Although this can be used to bring the craft back on to that heading, it returns it not to the original course but to a parallel one.

Helmstar makes use of speed and time data, so that the system knows where the boat has been and how to return to the original course. On long voyages, course inaccuracies of many miles can be prevented, says B&G.

In addition, Helmstar has computer software that senses the way the boat is being influenced by side winds and cur-

rents. It can then make quicker corrections, minimising course deviations. All the yachtsman has to do is select the course and switch on, making no subsequent manual corrections. The system costs from £2,350.

#### Made and filled at one go

MAKING its debut in Europe from the US is a pharmaceutical packaging system for factories, which is designed to cut the cost of filling sterile containers.

The system enables container production and filling to take place on a single machine. Fed with plastic granules, the machine blow-moulds sterile containers which are then immediately filled with the product and sealed, ensuring completely sterile contents.

Made by Automatic Liquid Packaging of Woodstock, Illinois, the system is available in Europe from Tanshore Equipment of Kilsyth, Surrey. It saves on cleaning and sterilising preformed plastic containers, and removes the cost of transporting and storing them.

#### PC sales soar upwards

PERSONAL computer (PC) sales in the UK have almost doubled in the first quarter of this year compared with the same period last year.

The total for 1988 will be about 540,000 machines, worth £1.3bn, according to Wharton Information Systems, which carries out market research into office systems in the UK. Sales of software will account for a further £450m. The figures are contained in the British Office Systems Survey published annually by Wharton at £500.

Some of the upsurge of PC sales is attributed to buyers holding back for the release of IBM's new PS/2 machine. But the survey also concludes that the PC is rapidly becoming a standard office tool. Increasingly sophisticated machines are being bought, often working together in networks.

Wharton believes that the UK market will exceed £3bn by 1990.

CONTACTS: AT&T Bell Labs: US, (201) 354 4200. Brookes and Gatehouse UK, 0560 75205. Automatic Liquid Packaging US, (915) 328 8500. Tanshore UK, 0252 705993. Wharton Information Systems: London, 891 8197.



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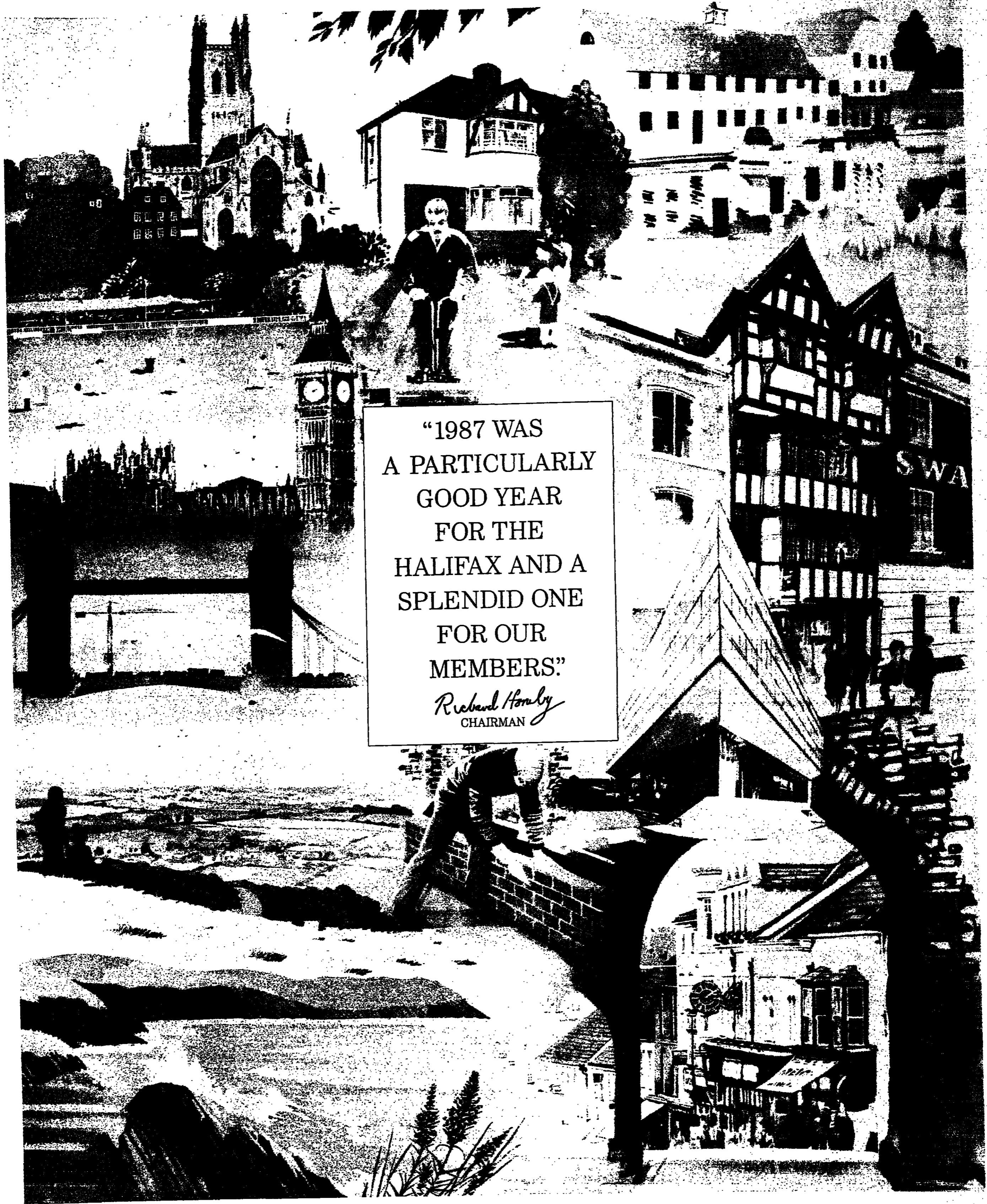
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448 offices. But whatever way the Halifax chooses to serve its public, one thing remains of paramount importance. And that is to retain the goodwill and trust of all of our 13 million customers.



STATEMENT BASED ON COMMENTS MADE BY RICHARD HORNBY, CHAIRMAN OF HALIFAX BUILDING SOCIETY AT THE SOCIETY'S AGM ON 23RD MAY 1988.

FT LAW REPORTS

Family business split is to go ahead

**BRADY v BRADY**  
House of Lords  
Lord Keith of Kinkaid,  
Lord Havers, Lord Templeman,  
Lord Griffiths and  
Lord Oliver of Aylmerton;  
May 19 1988

THE COURT may order specific performance of an agreement to give off part of the business of a solvent private company, though the scheme involves its giving financial assistance in connection with the acquisition of its shares. If its assets are not thereby reduced and if its ability to pay its debts is confirmed by its directors and auditors in the statutorily required form.

The House of Lords so held when allowing an appeal on specified terms from a majority Court of Appeal decision (1987) 2 FTLR 419 setting aside an order for specific performance of an agreement between the appellants, Jack and Robert Brady, and the respondents, Bob and John Brady, for division of their family company.

LORD HAVERS said that since 1959 a family haulage business in Barrow-in-Furness had been carried on by a private limited company, T. Brady & Sons Ltd. It expanded to include the manufacture and sale of soft drinks and the distribution of alcoholic drinks.

Brady operated by itself and through a number of subsidiaries. They included Thomsons Soft Drinks, through which the drinks side of the business was conducted, and Athersmith Bros which owned a haulage depot.

All Thomsons' shares were owned by Brady. Brady's shares were owned 2,334 by Bob Brady and 2,333 by his brother Jack. The balance of 333 shares were owned by another private company, Tania, whose shares were held 50 per cent each by Bob's sons, Robert and John.

Jack and Bob were the only two directors of Brady and of Athersmith. By 1982 Bob and Jack were no longer on speaking terms. Robert sided with his uncle, Jack, and John sided with his father. The result was deadlock in management.

In 1983 it was agreed that the business should be divided between the two brothers, Jack taking the haulage side, and Bob the drinks side, together with an equality payment reflecting differences in value. It was decided to keep Brady in existence but under Jack's control, and to have off the assets of the drinks business and further assets, by way of equalising values, into a new company to be controlled by Bob.

The scheme involved incorporation of companies called Ovalshield, Motoreal and Activista. At the head of the group was Ovalshield whose shares were owned by Bob, Jack and Tania in proportion to their previous Brady holdings. Beneath Ovalshield were two sub-groups, one headed by Motoreal containing the haulage business represented by Brady, and the other headed by Activista containing the soft drinks business represented by Thomsons.

The equalisation value required to produce equality between the two groups was represented by 334,337 loan stock constituting a debt owed by Motoreal to Activista.

The separation of the two businesses was effectively accomplished. There remained one outstanding link, namely the Motoreal loan stock.

What was envisaged and agreed was that Motoreal's indebtedness to Activista in respect of the loan stock would be discharged by the transfer of assets equal to the stock's value from the Motoreal group (effectively Brady and his subsidiaries) to the Activista group. The stock would then be redeemed.

On December 3 1983 Jack and Robert's solicitors wrote to Bob and John's solicitors setting out the reorganisation agreement.

The letter stated that the net asset value of the group had been provisionally agreed at £1,283,226. On the basis of that figure the amount due from the haulage group to the soft drinks group was said to be £241,838.

The letter was endorsed "we agree the above on behalf of our clients" and was signed by Bob and John's solicitors.

In October 1984 Bob and John declined to proceed further with the scheme save on the basis of upward adjustments in their favour of the net asset figure.

On January 11 1985 Jack and Robert started the present proceedings for specific performance of the agreement. Various defences were raised by Bob and John. They were abandoned during the trial save for a plea that the December agreement was void as being illegal. The trial proceeded on the issue of illegality alone.

Judge Blackett-Ord, Vice-Chancellor of Lancaster, made an order for specific performance. The Court of Appeal (Lord Justice Croom-Johnson dissenting) allowed an appeal, and declared that the agreement sued upon was void for illegality. Jack and Robert appealed.

and Athersmith and were therefor *intra vires*, there being no suggestion whatever of fraud or ill-faith. Final implementation of the scheme was an essential step in the breaking of the deadlock, and was in the company's interests. There was no misfeasance by Brady and Athersmith directors.

The respondents contended that that the proposed transaction was void for illegality in that it infringed section 151(2) of the Companies Act 1985.

The subsection provided that "... where a person has acquired shares in a company and any liability has been incurred ... for the purpose of the acquisition, it is not lawful for the company ... to give financial assistance ..."

The proposed transfer fell within subsection (2). It was not disputed that the issue of loan stock constituted assistance to reduce Motoreal's liability incurred in the course of its acquisition of Brady shares.

Section 153(2) provided that section 151(2) did not prohibit a company from giving financial assistance if "(a) the company's principal purpose in giving the assistance ... is but an incidental part of some larger purpose of the company, and (b) the assistance is given in good faith in the interests of the company."

Sub-paragraph (b) was satisfied. Sub-paragraph (a) was not satisfied, in that the acquisition of Brady shares was not a mere incident of the scheme devised to break the deadlock, but was the essence of the scheme itself and the object which the scheme set out to achieve. If the matter rested there the appeal ought to fail.

The appellants sought to raise additional points not raised in the courts below.

This was a final appeal and it would be unsatisfactory if it resulted in a declaration of illegality when there was a conclusive answer in law to that contention. It did not appear that there was any injustice to the respondents which could not be compensated by a suitable order for costs, apart from the argument that they elected to abandon their other defences and it would be unfair that they should now be faced with new points.

Their Lordships were prepared to entertain the new arguments on terms that the respondents be afforded the opportunity, if they desired, to reinstate some or all of the defences which they had abandoned before the judge.

The new contentions started from the correct proposition that where an agreement could be performed in alternative ways,

one lawful and one unlawful, it was presumed that the parties intended to carry it out in the lawful way.

Sections 155, 156 and 158 of the Act provided that where financial assistance was given by a private company in connection with the acquisition of its shares the prohibitions in section 151 could be disapplied by adoption of statutory procedures prescribed in sections 156, 157 and 158.

By section 155(2) those provisions only applied if the assets of the company providing the assistance were not reduced by the provision of assistance, or if the assistance was provided out of distributable profits.

In the absence of some starting change in the financial position of Brady or Athersmith those conditions were fulfilled.

All that was required to avoid the prohibitions in section 151 was that the opinion expressed in the declaration was not unreasonable (section 156(4)). Those documents had to be delivered to the Registrar of Companies within 15 days and the assistance given within eight weeks of the declaration being made.

Compliance with the statutory procedures rested in the hands of Jack and Robert. Assuming that the company's auditors were able to make the report, there was no impediment to reliance on sections 155, 156 and 158.

If that was right, there appeared to be a complete answer to the suggestion that the agreement was rendered unlawful by section 151.

Subject to compliance with sections 156 and 158, the agreement was not illegal, and a decree of specific performance would take effect unless within 28 days the respondents signified by serving an amended defence and counterclaim that they elected to reinstate all or any of their abandoned defences.

Their Lordships agreed. The appeal was allowed on the terms indicated.

For Bob and John Brady: *Leolin Price QC and Ian Leeming (Gambians)*  
For Jack and Robert Brady: *Richard Spence QC, Nicholas Sessart QC and D.A.S. Richards (Alexander Tatham & Co)*

Rachel Davies  
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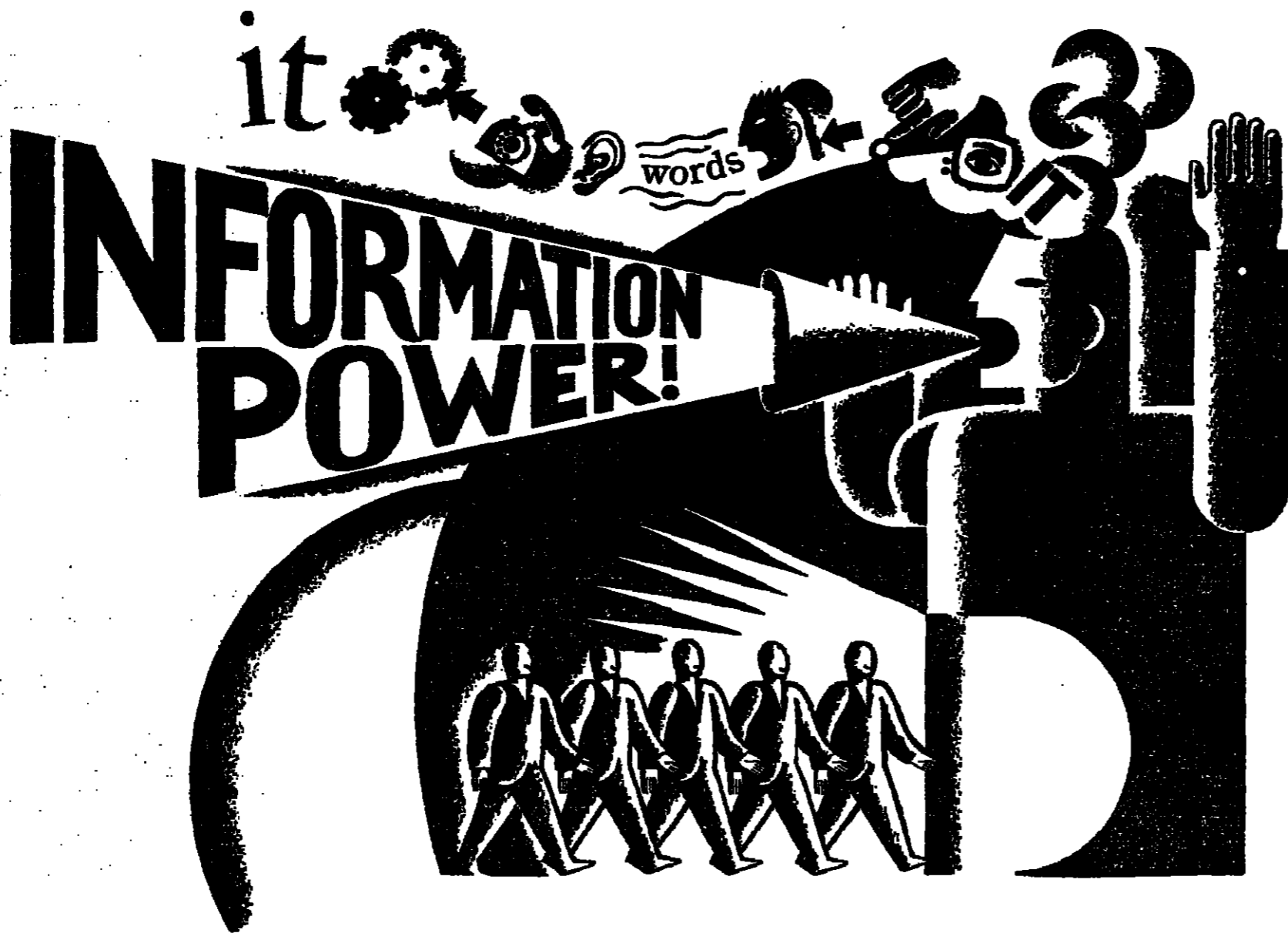
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ARTS

Hayward Gallery/William Packer

Impassioned penguins

Once more the South Bank Board presents us with what seems a perversely incongruous double...

"Angry Penguins" is one of those ambivalent, useful phrases born of defensive self-mockery...

the work alone, seen as art rather than polemic, that any critical interest and judgement rests...



"Death of Sergeant Kennedy at Stringybark Creek," 1946 by Sidney Nolan

all to make sure to see them. Not all the works are of an equal weight, and there is towards the end a sense more of an institutional than personal eye...

always been the policy... to stress the continuities of art, the evolution of tradition by experience...

and Matisse, Braque and Modigliani, Sloan and Bellows, Bacon and Rothko, and Bonnard, who, as a pure painter, is perhaps the greatest of the 20th century...

The Fifteen Streets/Playhouse

Claire Armitstead

After barnstorming its way around the north of England, this hearty adaptation of Catherine Cookson's semi-autobiographical novel embraces the West End in a bearing of family loyalty, betrayal, love, loss and all the little homespun wisdoms that make life bearable in almost unbearable circumstances...

shall sit down to tea together. Nigel Miles-Thomas, as the villainous brother Dominic, stamps through the play with a perpetual scowl on his face...

does the next best thing by allowing Christina Nagy's ladylike schoolteacher to move into the fifteen streets in pursuit of her man. I doubt many in the audience would imagine the capture beyond her...



Owen Teale and Christina Nagy

Ondine/Covent Garden

Clement Crisp

A first major change of cast in Ondine brought Cynthia Harvey as the spirit on Friday night, with Jonathan Cope as Palemon...

Fonteyn herself stressed. She managed extremely well the liquidity of gesture that makes it seem in the first act that Ondine is still sporting in her natural element...

graphic style. For Jonathan Cope the task is to make credible a far more indicative character. To Palemon's romantic hot-headedness in the first act he brings youth, good looks, and something brooding as well as impetuous...

London Sinfonietta 'Response'

Paul Driver

The second of the London Sinfonietta's recent "Response" weekends packed with modern music began in the Queen Elizabeth Hall on Friday with a showy evening of world premieres and other items conducted by Oliver Knussen...

term of abuse you prefer) was represented by Charles Wuorinen's jazz-related, complex Spin Off (1983) for violin, bass and conga drums...

Arts Guide

Opera and Ballet

NETHERLANDS Amsterdam: Muziektheater. The Netherlands Opera in Die Entführung aus dem Serail by Mozart, directed by Helmut Poliza...

by Giorgio Cristini. Giuseppe Patane conducts a cast which includes Carmela Apollonio, Alida Ferrantini, Enrico Fiaschi, Alberto Rinaldi and Goesta Winberg...

acted by Nello Santi (to be replaced by Daniela Lughini, Paolo Bonolis and Luciano Montecassini at some performances). Plesant conventional production by Alberto Fassini...

Matti Salminen and Ingvar Wixell. Siegfried brings Gwyneth Jones, Gerald Brunsell and Simon Estes together. Dimitri Shostakovich's opera, Lady Macbeth of Mtsensk is offered with Karen Armstrong, Kathryn Montgomery-Meyer, Daphne Paskov and William Fall...

Rene Kollo as Walther, Bernd Wehl as Sachs and Lucy Peacock as Eva. Frankfurt: Opera. This week's highlight is Tosca, in Jean-Pierre Ponnelle's production with Galina Savova in the title role...

NETHERLANDS Amsterdam: Concertgebouw. Robert Holl, baritone, accompanied by Rudolf Jansen: Schumann, Fitzner, Wolf (Wed) (7/8 345).

Saleroom/Antony Thorncroft Egyptian art from Eton

Eton College owns one of the largest, and best, private collections of Ancient Egyptian art in the UK, and more than two hundred items from it are currently on show until Friday at Sotheby's...

prices were below expectations, but then this is a market which has yet to take off commercially. Sotheby's also acquired a bronze medal commemorating the fall of the Pazzi Conspiracy of 1478 in Florence by Bertoldo di Giovanni for £4,400...

MILLE BREAK-FIRST advertisement with logo and text: Some days are better than others. Especially those which begin with a breakfast from MILLE BREAK-FIRST...

WEST GERMANY Berlin: Deutsche Oper. Aida has fine interpretations by Cristina Angelakova, Julia Varady...

MUSIC PARIS Petits Chanteurs de Paris and the Orchestre National de la France conducted by Jose-André Schuller...

NEW YORK New York Philharmonic, Zubin Mehta conducting Mussorgsky/Ravel (Mon); Zubin Mehta conducting Mahler (Tue); Zubin Mehta conducting Jeanne Battersby (Wed); Zwilich, Mengin (world premiere), Mussorgsky/Ravel (Wed); Avery Fisher Hall (8/4 9:45).



Letters to the Editor

From Dr Donald Green: Sir, Your editorial (May 17) concluded that the Government's policy should be to "improve the management and efficiency of a tax-financed national health service (NHS)..."

Radical ideas on health

Health care has much in common with other consumer goods; efforts to finance it from taxation lead inevitably to rationing. The only way that health care could be an entitlement is by means of a bought-and-paid-for private contract...

simultaneously permitting people who are dissatisfied to escape, and to claim an age-weighted voucher representing the tax they had paid towards the NHS.

ALTHOUGH mostly too polite to say so publicly, the Japanese community in London was palpably disappointed by what it saw as the underwhelming reception accorded to Mr Noboru Takeshita, Japan's Prime Minister, on his visit to London earlier this month.

Discontent was particularly focused on the paucity of press and television coverage. There had been a number of "curtain-raisers" before Mr Takeshita arrived, the Prime Minister aiding this process by talking, albeit vaguely, to British correspondents in Tokyo...

More fundamental is surely the fact that policy makers and opinion framers in the leading Western nations have only recently become accustomed to the idea, and still not necessarily the practice, of taking Japanese views and policies into account.

Form is no substitute for substance

lacking but the form is impressive. But this is not, as Edward Mortimer pointed out in this space last week, the Western way of doing things. Rightly or wrongly, we tend to assume that bilateral or multilateral meetings are important for their content.

almost vulgar performance, but it constituted a challenge to Japan to come out of its shell and a willingness, on the British side at least, to accept the consequences.

Jurek Martin examines why Mr Takeshita's recent visit to London made so little impact

definitely declining and that a new relationship with Europe, and particularly with its strongest leader, Mrs Thatcher, was not only desirable but necessary.

frank talk which Japan said it wanted and the UK seemed to have been soliciting. Mr Takeshita's speech at the Mansion House, for example, did touch all three of the supposedly new pillars of Japanese foreign policy - international economic policies, security issues, and cultural exchanges.

'My interest is to see the NHS preserved as a paradigm for the US'

From Dr Harry A. Shinkin: Sir, Your editorial on the NHS (May 17) was directly on target. I am an American physician firmly persuaded that free enterprise is necessary for the economic health of human societies.

A.C. Enthoven. I have published my own study of these matters. My interest is to see the NHS preserved as a paradigm for the US.

The US spends 11 per cent of its gross national product (GNP) on health, compared with the UK's 6 per cent of GNP for comparable - and in some respects better - medical care for all your citizens.

restraint to over-utilisation. All efforts to eliminate waste and make the NHS more efficient are of course welcome. However, an increase of expenditure - perhaps by 2 per cent more of your GNP - is necessary to cure your current waiting and facility problems.

London Zoo's record is not a good one

From Mr Ian S. Macphail: Sir, The announcement by the Government that it is giving a £10m grant to revamp the run-down London Zoo is a matter of public concern.



There are problems in water metering

From Mr George J. Smith: Sir, With reference to your correspondence on water metering: The average cost of supply and installation of a water meter to a domestic property would be £200; 50 per cent of this being the cost of the meter.

Change and decay

From Mr R. Neal: Sir, When visiting the Burgundy town of Beaune recently I decided to supplement my stock of French francs as the weekend approached.

With the bank apparently felt obliged to charge a commission of 20p for handling this difficult transaction, involving an obscure foreign note.

Smoking is a different matter

From Mr Michael D. Horst: Sir, The latest US surgeon-general's report on smoking (FT report, May 17), comparing tobacco with hard drugs, is lacking in both scientific objectivity and common sense.

Scots Tories could revive

From Mr Paul Walker: Sir, I find little to agree with in James Buxton's assertion (May 7) that there is little sign of an end to the Tories' decline in Scotland.

Policies benefited Scotland

From Mr Thomas Lines: Sir, Joe Rogaly describes a "politicians' analysis" that financial services and the electronics industry form the "enterprise culture" in Scotland (May 13).

There is a need for a European rating agency

From Mr David Bushon: Sir, Stephen Fidler's article "On the importance of ratings in the Euromarkets" (May 17) addresses the role of the British Association (TSA) and in particular its criteria for the inclusion of "relevant agencies".

Scots Tories could revive

nearby - now commuter - Stirlingshire reinforces my view of change to come. It also emphasises the fact that realigned for rates in 1985, the present ratepayer population in Scotland welcomed the proposed Community Charge, or "poll tax."

There is a need for a European rating agency

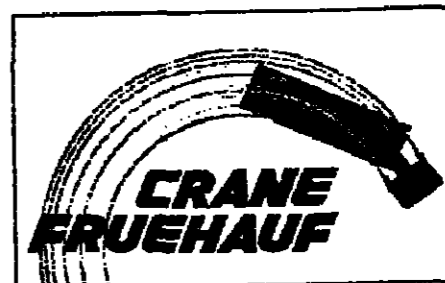
European rating agency. Several leading international houses quote our ratings to their investment clients. In October 1987 Samuel Montagu, a leading merchant bank, published a detailed survey on the sterling commercial paper market and EuroRatings achieved 26 per cent acceptance by investors - this barely six months after our launch.

Advertisement for Ferranti International. Text: 'Ferranti International. Technology ready to manage Britain's energy transmission.' Includes image of a power line tower and contact information for Ferranti Computer Systems Limited.



SECTION II - COMPANIES AND MARKETS  
**FINANCIAL TIMES**

Tuesday May 24 1988



**Maxxam wins KaiserTech bid battle in \$880m deal**

BY LOUISE KEHOE IN SAN FRANCISCO

MAXXAM GROUP, an investment group led by Houston financier Mr Charles Hurwitz, is to take over KaiserTech, the US aluminium manufacturer, in a deal worth about \$880m.

The definitive merger agreement, signed yesterday, appears to end a battle between KaiserTech management and Mr Alan Clure, the British financier, who acquired a major stake in KaiserTech last year.

Mr Clure was forced to sell his stake in KaiserTech following losses in last October's stockmarket crash. His attempts to give Maxxam control of the company have been resisted by KaiserTech management.

An alternative leveraged buy-out bid proposed by a group including senior managers was rejected in favour of the Maxxam bid.

Subject to the approval of two-thirds of KaiserTech shareholders, which will be sought at a special shareholders meeting, Maxxam will pay \$19.375 per share for about 38m common shares of KaiserTech. Maxxam already owns about 9m shares, which it acquired in March from Mr Clure and his creditors, for \$12 per share.

In addition, Maxxam holds options to acquire more than 8m preferred shares at a price of \$13.75-\$14 per share from Mr Clure.

Lawsuits filed against Maxxam and Mr Clure in recent weeks will be held in abeyance, all parties agreed. Last month KaiserTech filed suit against its chairman in a dispute over his rights to nominate members to the company's board. Mr Clure had proposed to nominate representatives of Maxxam.

Voting on the nominations, which had been scheduled to take place at a shareholders meeting on Friday will now be postponed. A special shareholders meeting to vote on the acquisition will be held sometime before October 31, the company said.

Throughout the dispute, Mr Clure has remained chairman of KaiserTech. Maxxam and KaiserTech refused to comment on Mr Clure's future.

Under the terms of the merger agreement, a newly formed subsidiary of Maxxam will be merged into KaiserTech and KaiserTech will become a subsidiary of Maxxam.

AN INITIAL agreement to proceed with the much vaunted merger between Enichem, Italy's state-owned chemical company, and a substantial part of the privately owned Montedison group appeared to be near yesterday.

According to an industry official privy to the talks, a letter of intent, which sets out the terms for the creation of a new joint chemical, fibres, fertilisers and artificial rubber company with more than \$10bn of annual sales, is imminent.

Last weekend Mr Carlo Franzani, the Italian minister for state industry, gave preliminary authorisation to go ahead with the deal to ENI, the state energy group which owns Enichem.

The Government stipulated several conditions for the joint venture with Montedison, including a pledge that ENI and Montedison maintain shareholding parity for at least three years, that the new unified chemicals company will develop activities rather than merely rationalised existing plants, and that institutional investors will be present in the company.

This last condition implies that Mediobanca, the Milan merchant bank, could become a shareholder of the joint chemical business.

It is believed that ENI is now awaiting a final response from Montedison on these points and that a letter of intent could be announced within days.

Meanwhile, in Milan, Montedison said it had asked Morgan Stanley to undertake a study to evaluate options for the sale of part or all of Ansilmont, the speciality and fluorinated chemicals producer which is quoted on the New York Stock Exchange.

**Montedison close to deal with Enichem**

By Alan Friedman in Milan

**Alice Rawsthorn looks at a US sports shoe maker's changing strategy**  
**Reebok takes steps to widen its base**

IT WAS in the early 1980s when fitness fanatics flocked to hear Jane Fonda lookalikes shout "Stretch!" in aerobics classes across the US that a sports shoe company called Reebok first came to the fore.

Today Reebok International claims almost a third of the \$3.1bn athletic footwear market in the US and is growing rapidly overseas. Reebok's success in transforming sports shoes into fashionable footwear has catalysed a surge in sales from \$13m to \$1.4bn and in income from \$657,000 to \$165m in the past five years.

But Reebok has a problem. There is little scope for further growth within its original niche of the US market and the company needs to nurture new markets in order to maintain momentum.

"We have to look at the world in a realistic way," said Mr Joseph LaBonte, president and chief operating officer. "We have experienced spectacular growth from one line of product, but that growth cannot continue forever. In the long term we must broaden the base of our business."

Reebok, in which Pentland Industries of the UK holds a 32 per cent stake, traces its origins to the English footwear industry in the 1890s, when the original running shoe was made in Lancashire. The Reebok name was introduced 30 years ago, but it is only since 1979 - when Mr Paul Fireman, a US businessman (now chairman) bought the rights to the brand in the US - that it really took off.

The secret of Reebok's success

US BRANDED ATHLETIC FOOTWEAR MARKET SHARES (%)

	1985	1986	1987
Reebok	14	32	32
Nike	30	20	19
Converse	9	8	8
Adidas	7	6	6
Avia*	1	2	3
New Balance	6	3	2
Puma	6	3	2
TOTAL	\$2.2bn	\$2.7bn	\$3.1bn

\* Acquired by Reebok in 1987. Source: Kleinwort Greaves Securities

in its early days, according to Mr LaBonte, was that it "analysed what consumers wanted from their sports shoes at a time when other manufacturers were run by sports jocks, who made the sort of shoes they liked themselves."

This approach enabled Reebok to identify a new niche: for stylish shoes made from soft leather for the young women being swept up in the aerobics boom.

In the mid-1980s Reebok - realising that the boom would not last forever - began to introduce new types of sports shoes. It now leads the tennis and fitness sectors, is thriving in basketball and is diversifying into cycling, volleyball and golf. Aerobics shoes now account for less than a third of sales.

Similarly it sports encouraging growth in its efforts to nurture new markets outside North America. Mr LaBonte accepts that progress in other countries is likely to be slower than in the US - chiefly because of the logistical problems of marketing and distribution. Nevertheless, Reebok doubled the number of shoes

expensive; and rising labour costs in South Korea.

Moreover Nike, the chief competitor in North America, has become much more aggressive in recent months. By contrast Adidas and Puma, the West German manufacturers, are still faltering.

All in all the impact of these problems should be modest. Kleinwort Greaves Securities expects 17 per cent growth in net income to \$150m, on sales up 22 per cent to \$1.7bn, this year.

Moreover Reebok now hopes to benefit from its recent acquisitions: Rockport, a walking-shoe manufacturer; Avia, which makes high performance sports shoes; and the Ellesse sportswear business in North America. Initially it had planned to buy Ellesse worldwide, but decided that its senior management team was not large enough to cope with an international network, so settled for North America.

At first Wall Street complained that Reebok had paid too much for these businesses, although analysts are now better disposed towards the deals. "In retrospect they seem like shrewd acquisitions which have seen strong sales growth since Reebok stepped in," said Mr Noel Sloan, an analyst with Kleinwort in New York.

Acquisitions are still at the top of Reebok's agenda, although it is now looking towards clothing and the wider leisure arena rather than to sports shoes. As Mr LaBonte put it: "We are always looking. And we are prepared to take a chance if necessary. No one could accuse this company of analysis paralysis."

sold overseas last year to 7.8m pairs.

By contrast, its progress in sports clothing has been disappointing. The company first ventured into clothing two years ago but, by its own admission, the merchandise was misdirected. Its strategy for clothing, which made a loss last year, is now being revised.

Yet the core US sports shoe business is now coming under pressure. One problem is that the group has been forced to find new sources of production following political unrest in South Korea, the chief manufacturing centre, last autumn. Reebok plans to maintain the volume of production from its South Korean suppliers - which have signed three-year dedicated production agreements - but is increasing its input from Taiwan, China and Indonesia.

Another problem is that Reebok's margins are weakening. There are three factors behind this: the rise in the leather price; the fall in the dollar which has made overseas sourcing more

**Western Union to take \$603m quarter charge**

By Roderick Oram in New York

WESTERN UNION, the US communications group, has taken a \$603m first-quarter charge for a restructuring plan devised by a group of investors who rescued it late last year. It plans to sell its transmission systems so it can concentrate on offering telecommunications services over other carriers' networks.

The plan "will help reduce the burden of fixed costs," Mr Robert Amman, president, said.

The charge consisted mostly of a write-down in the value of Western Union's microwave transmission, voice switching and other related plant before the company tries to sell them.

Losses from first-quarter operations rose to \$22m from \$18m a year earlier. The full loss after charges and preferred stock dividends was \$638.5m or \$15.97 a share, compared with \$25.1m or \$1.03 a year earlier.

**USG claims Desert proxy fight victory**

BY DEBORAH HARGREAVES IN CHICAGO

USG, the Chicago-based building products firm, claimed victory yesterday in its proxy contest against Desert Partners, a Texas limited partnership that is trying to take over the company.

In a preliminary count of the vote, USG said its slate of six directors received 57 per cent of votes cast at the company's annual general meeting on May 11.

Mr Robert Day, chairman, said the vote was clearly a mandate to USG directors not to sell off the company.

Desert Partners, which is pursuing USG, had tried to turn the proxy contest into a vote on whether management was providing value for shareholders in resisting Desert's hostile bid.

Desert Partners stated yesterday that it is still interested in pursuing a merger with USG. The group has extended its \$42-a-

share tender offer beyond last Friday's expiration date until this Friday. The Texas group has also offered to negotiate a higher \$50-a-share merger agreement with USG.

Mr Day has repeatedly said that USG is not for sale and stressed yesterday that the proxy contest victory is a definite indication of the confidence USG shareholders have in the company's management.

In an effort to deter the raiders, USG management has proposed a "poison pill" recapitalisation of the company, which is due to be voted on at a special shareholders meeting on June 24.

The recapitalisation offers stockholders \$37 in cash for each share along with \$5 in 16 per cent junior subordinated debentures and one share in the recapitalised company.

**UK furniture group stalked by mystery consortium**

BY NIKKI TAIT IN LONDON

THE MYSTERY suitor for Harris Queensway, the UK furniture, carpets and home furnishings retailer, is an unspecified consortium which would launch a leveraged bid - that is, one financed by bank loans.

These were the scant facts contained in an announcement from

Harris to the London Stock Exchange yesterday.

The group said that although discussions were continuing, the outcome was unlikely to be known for about another four weeks.

Harris first notified the Exchange of a bid approach on

May 5, when it unveiled a plunge in pre-tax profits for the 12 months to end-January, from \$43.4m to \$16.8m (\$30m), excluding property profits.

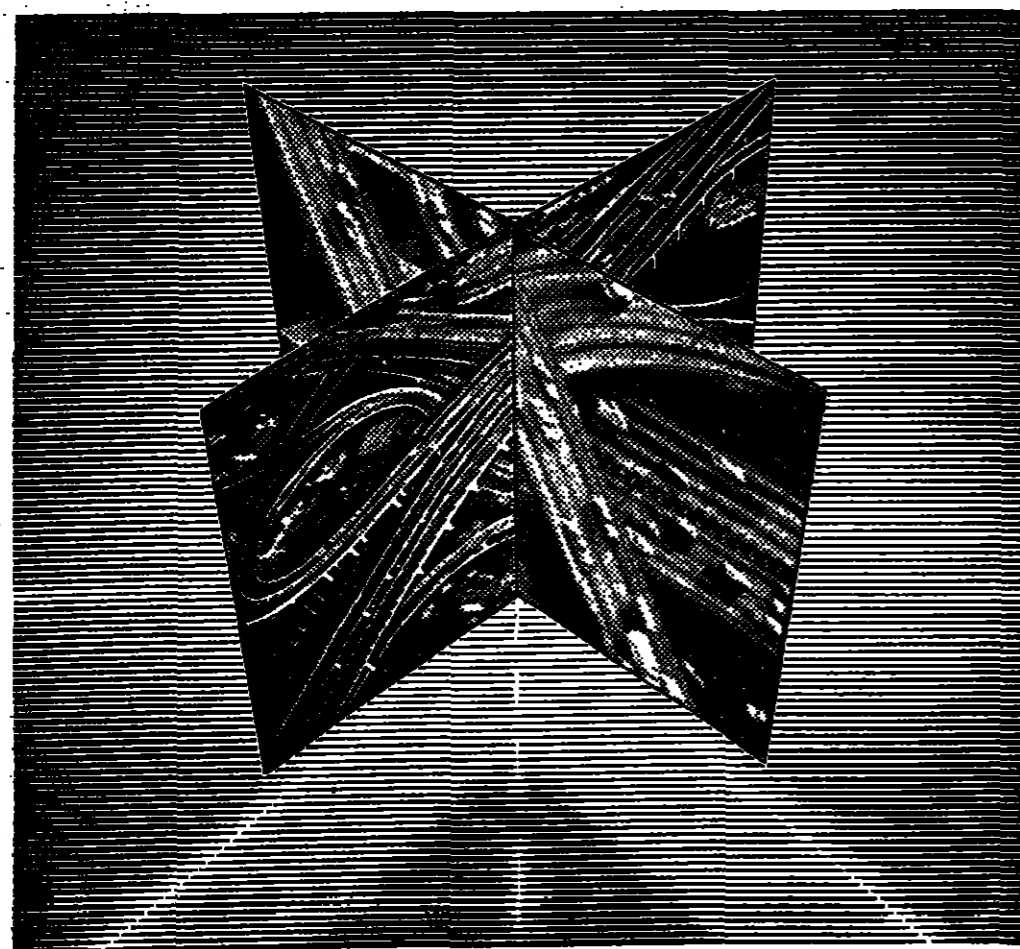
The figures were far worse than the City of London had expected, but news of the bid approach pushed the shares 46p

higher to 171p.

In the absence of further news they have since fallen back, and yesterday gained only 3p to 148p, capitalising the company at \$346m.

Great Universal Stores, owns 23.4 per cent of the company's shares

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INTERNATIONAL COMPANIES AND FINANCE

Maggie Ford on a possible beneficiary of the East-West political thaw
Soviet link could boost Jindo

IN THE shadowy world of East-West business, where billions of dollars worth of deals are done in secret between countries which profess to be bitter enemies, few in recent years have cared to reveal their involvement.

For one thing, where countries have no diplomatic relations, publicity is likely to be bad for business. But times appear to be changing, especially in the Soviet Union and China, where economic necessity is inspiring political pragmatism.

One unlikely beneficiary may be the South Korean fur manufacturer, Jindo, a small company which has identified a niche in the world market which it aims to dominate - demand for high quality, competitively priced fur garments. A connection with the Soviet Union could help the company reach its goal.

Both the company and the South Korean Government refuse to discuss "highly sensitive" recent reports of a planned joint venture between Jindo and the Soviet Ministry of Light Industry, but the idea is believed to have reached the stage of an exchange of letters of intent.

Analysts believe the plan, under which Jindo would provide expertise in the manufacture of furs both for export and for the Soviet domestic market in a 50-50 joint venture, makes sense for both sides.

Jindo was founded by a North Korean and is now entirely owned by his five sons. It started

as a motor engineering group in Pyongyang and later became a contractor to the US military in Seoul during the Korean War, diversifying in the 1980s into fur and fashion production and steel and aluminium containers.

For several years it controlled the UK's Panther specialised car maker and one brother still owns a 20 per cent stake in Panther.

But the fur business offers the clearest route to expansion for Jindo, not least because the world business remains free of large dominant companies. The company operates without middle men, buying pelts, manufacturing the garments, and then selling them mainly through 44 company-owned shops abroad, many of them duty-free and directed at the tourist trade.

Widening the appeal of fur

Two London branches, in Old Bond Street and Brompton Road, will feature the \$2,000 mink coat (\$295 in London), mainly designed for US and Japanese tourists. To widen the appeal of fur to younger professional women, Jindo recently acquired design help from Yves Saint Laurent, the French couturier.

Affluent young women are not always drawn to furs which often have too 'matronly' an image. Jindo believes it can expand in this market with more up-to-date styling and thereby more than offset the impact of the anti-fur

trade lobby. The company acknowledges that campaigns led by Greenpeace and other organisations have had some noticeable effect, although largely in the UK where its presence is modest.

Jindo was listed on the Korea Stock Exchange last year, although a controlling stake is retained by the family. It registered net profits of 3.1bn Won (\$4.2m) on sales of W180bn in 1987, up from W21bn on sales of W46bn. Estimates this year suggest an increase to net profits of between W5bn and W6bn on turnover of W230bn.

The company has attempted to raise funds via a number of instruments, including preferred stock issues and warrants, and is highly leveraged. His most Korean companies. Analysts point out that it faces difficulties with currency fluctuations, selling in dollars which have depreciated against the Won, and buying stocks at auctions mainly denominated in D-Marks, which have shown an appreciation.

"The business is very seasonal," said one analyst. "It also operates on slim margins, so a labour dispute could easily cripple the company." Jindo had only a brief dispute during last year's nationwide strikes and recently settled without industrial action on a 20 per cent rise, bringing the average wage to around W250,000 a month for the mainly female employees in the fur division.

Prospects for an increase in market share for Jindo are good

in this Olympic year. Its duty free fur shop in Seoul sold out completely over the New Year as Japanese tourists flush with yen converged on the dollar denominated coats.

Long-term opportunity

But for the long term the Soviet venture, and possible collaboration with China, offer an even larger opportunity. Jindo is already the largest single buyer at the Leningrad fur auctions, according to Mr Y.D. Kim, its president, with purchases worth \$15m last year.

Analysis says that the new venture would not only secure supplies of the best skins, but eventually give access to perhaps the world's biggest potential market, inside the Soviet Union.

The company is likely to have to deal with a number of problems including financing, labour costs, currency arrangements and site plans, not to mention winning government blessing on a deal involving the notorious "Black Bear" nation before it can go ahead.

As for the Moscow planners, the idea of adding value to their exports of mink and fox fur clearly appeals in the age of economic restructuring. If the mutual benefits can be translated into a political thaw, a small South Korean company could find itself growing faster than its founder ever imagined.



Jindo's branch in Old Bond Street, London

Barlow Rand lifts first-half earnings

BY JIM JONES IN JOHANNESBURG

BARLOW RAND, South Africa's biggest industrial group, benefited in the half-year to March from strong growth in virtually all its operations outside the resources sector, enabling it to offset poorer performances in mining.

Mr Warren Clewlow, the chief executive, expects trading activity to continue at present levels for the remainder of the financial year and forecasts improved performance by the mining side.

Turnover rose to R9.9bn (\$4.46bn) from R8.08bn, operating profits before investment income and interest and tax payments rose to R894m from R667m and the pre-tax profit increased to R622m from R588m.

The group's gold mines have been affected by sharply higher costs and flat rand gold prices while the collieries have been hurt by poorer export markets and prices. On the other hand, the subsidiaries serving consumer markets have registered strong trading and profit advances.

Mr Clewlow does not believe this recovery will abort following the recent introduction of higher interest rates and tighter credit curbs.

C.G. Smith, Barlow's food, packaging and textiles offshoot, enjoyed increased demand in the six months but cautioned that growth could slow during the second half. Turnover increased to R1.82bn from R1.10bn and pre-tax profit was R404m against R290.5m.

In South Africa, the Barlow group has continued to acquire new businesses. At present it is bidding for a 45 per cent interest in French Bank, the local subsidiary of Banque Indosuez; the Nampak subsidiary is bidding for half of Langeberg Foods; and Adcock-Ingram is acquiring Sterling Drug's local pharmaceutical interests.

The British-based J. Bibby & Sons, the principal operating arm outside South Africa, is negotiating the sale of packaging and security printing interests in the US and recently bought Melles Griot, an American manufacturer of lasers and electro-optics.

Barlow's net earnings rose to 172.3 cents a share from 131.6 cents and the interim dividend has been lifted to 39 cents from 30 cents.

Interim rise at Dorbyl

BY OUR JOHANNESBURG CORRESPONDENT

INCREASED ACTIVITY in the light engineering and trading sectors counteracted poor demand in the heavy engineering sector at Dorbyl, the South African engineering group, in the six months to March.

Interim turnover was lifted to R222m (\$415.2m) from R178.4m, trading profit before tax and interest rose to R47.2m from R34.5m, and the pre-tax profit was R36.4m against R24.2m.

The directors do not specify why heavy engineering demand

remains poor. However, the state-owned railways have reduced spending, as has the post office. Economists are concerned that further credit curbs and interest rate increases implemented by the Reserve Bank earlier this month could nip in the bud any upturn in the private sector fixed investment cycle.

Interim net earnings at Dorbyl have increased to 76.9 cents a share from 48.1 cents and the dividend has been raised to 19 cents from 16 cents.

Oji Paper profit up 27% despite fall in prices

BY OUR TOKYO STAFF

PRE-TAX profits of Oji Paper, Japan's largest paper maker, jumped by 27.1 per cent to ¥11.5bn (\$255.5m) in the year to March on a 6.7 per cent increase in sales to ¥387.5bn.

The company said the sales increase was modest because of price declines, but it masked a sharp increase in volume, reflecting booming domestic demand for most grades of paper, especially newsprint and wrapping papers.

Oji also benefited from the strong yen, which pushed down the cost of imported raw materials by about ¥7.6bn. Net income was ¥16.7bn or ¥27.1 per share, up 28 per cent. The company said net profit would rise only frac-

tionally this year to ¥16bn.

Fuji Photo Film, Japan's dominant photographic film maker, showed a 0.6 per cent fall in interim pre-tax profits to ¥92.6bn.

The company blamed the strength of the yen, which hit export margins, and fierce competition in markets for magnetic tape, which had forced price cuts. Sales in the period to April 30 were up 0.5 per cent at ¥264bn, with steady gains in photographic film and cameras, including disposable cameras.

CRA cuts stake in Metal Manufactures

BY IAN RODGER IN TOKYO

CRA, the Australian resources group, has reduced its stake in Metal Manufactures, a diversified cable maker, to just over 20 per cent from 29 per cent by selling 17m shares to local institutions, Reuters reports from Melbourne.

CRA said it sold the shares at A\$2.55 each, 20 cents below the market price, for a total of A\$42.5m (US\$33.9m) and a profit of about A\$2m.

Metal Manufactures is 55 per cent-owned by BICC of the UK. CRA, which has been a Metal Manufactures shareholder for many years, said it wanted to release funds tied up in a non-core business but planned to retain 20 per cent so it could equity-account the holding.

Komatsu sees modest turnaround

BY IAN RODGER IN TOKYO

KOMATSU of Japan, the world's second largest construction equipment maker, expects a modest turnaround in profit in the current year after five years of falls.

The company, whose profits have been hit hard by the impact of the high yen on its exports, has forecast that its pre-tax profit will reach ¥19bn (\$152.2m) in the

year to next March compared with ¥18bn in its last full year to December 1987.

The forecast was published with a report of the company's results in the three months to March this year. Komatsu is changing its year-end.

Net sales in the period were ¥129.9bn, of which ¥77.7bn were

in the domestic market. Pre-tax profit was ¥4.5bn and net income was ¥2.3bn or ¥2.62 per share.

The company said demand for construction equipment was satisfactory in the domestic market and steady abroad. Exports of components rose, mainly because of the group's new factories in the US and the UK.

Strong recovery by Omron Tateisi

BY STEFAN WAGSTYL IN TOKYO

OMRON TATEISI Electronics, Japan's leading maker of electronic control components, has posted a 117 per cent jump in annual pre-tax profits to ¥15.6bn (\$124.5m), recovering strongly from a downturn in the industry.

Profits in the year to March showed the positive impact of a severe rationalisation programme which concentrated on scrapping unprofitable product lines.

Sales rose 12.2 per cent to ¥277.9bn, reflecting a surge in Japanese domestic demand for control equipment for factory machinery and for electronic accounting equipment, including point-of-sale devices.

Columbia First Federal Savings & Loan Association U.S. \$150,000,000 Collateralized Floating Rate Notes due November 1996 For the interest period 20th May, 1988 to 21st November, 1988 the Notes will carry a rate of interest of 7 1/8% per annum, with an interest amount of U.S. \$4,014.76 per U.S. \$100,000 Note. Listed on the Luxembourg Stock Exchange. Bankers Trust Company, London Agent Bank

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INTERNATIONAL CAPITAL MARKETS AND COMPANIES

The Swedish financier has radically changed the shape of his empire. Sara Webb reports

Erik Penser decides to shuffle the pack

MR ERIK PENSER, the publicly Swedish financier who is sometimes nicknamed the Great Garbo of the business world and even at times described as "actively silent," is the kind of businessman who can spark off a business debate among Swedish politicians without even opening his mouth.



Erik Penser: "not one of the ego boys"

Take for example his recent agreement to sell Carnegie Fondkommission, Sweden's leading brokerage, to PKBanken, the state-controlled bank, for SKr2.7bn (\$450m).

expanding into the chemicals business. Mr Penser does not appear to consider turning his attention to the markets outside Sweden when it comes to making major acquisitions.

Mr Penser started off at the brokerage division of Handelsbanken in Malmö after dropping out of law studies at Lund University, then moved to the brokerage, Haeggelof, and afterwards to Långsundholm (which later became Carnegie).

For PKBanken, Mr Penser is widely respected in Sweden's business circles. He is modest and in the words of one close associate, "is not one of the ego boys".

Mr Penser is credited with making a shrewd move by selling Carnegie Fondkommission. Commission and fee revenues were virtually unchanged last year, at SKr239m, and many brokers doubt whether such revenues can increase markedly in 1988.

Flood of Japanese equity warrant deals expected

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

THE EUROBOND market is bracing itself for a flood of new Japanese equity warrant bond issues.

INTERNATIONAL BONDS

Not only will that depend on the performance of the Tokyo Stock Market - which fell 0.53 per cent yesterday - but on continued realistic pricing.

Islamic institutions given year to comply with law

EGYPT'S hard-pressed Islamic investment houses, which have declared a temporary moratorium on transactions in order to forestall a run on deposits, will be given one year in which to comply with a new law aimed at regulating their activities.

Financial deregulation in Korea

SOUTH KOREA'S Ministry of Finance has announced plans for a major liberalisation of the financial sector, following strong criticism from companies, brokers and the central bank.

Taiwan SEC to allow more brokers

AROUND 20 companies have applied for licences to open new trading houses and brokerages in Taiwan, which for the first time in more than two decades has permitted an expansion of the number of its securities firms.

FT GUIDE TO WORLD CURRENCIES

Table of exchange rates for various countries including US, UK, DM, Yen, and others. Includes columns for country, rate, and percentage change.

TRADE IN DEMINITY EXPORT FINANCE SERVICES 01-739 9939

Abbreviations: (a) Base rate; (b) Base rate; (c) Commercial rate; (d) Commercial rate; (e) Commercial rate; (f) Commercial rate; (g) Commercial rate; (h) Commercial rate; (i) Commercial rate; (j) Commercial rate; (k) Commercial rate; (l) Commercial rate; (m) Commercial rate; (n) Commercial rate; (o) Commercial rate; (p) Commercial rate; (q) Commercial rate; (r) Commercial rate; (s) Commercial rate; (t) Commercial rate; (u) Commercial rate; (v) Commercial rate; (w) Commercial rate; (x) Commercial rate; (y) Commercial rate; (z) Commercial rate.



May 24 1988

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## JPMorgan

UK COMPANY NEWS

AB Foods rises 10% but hit by currency factors

BY ANDREW HILL

Associated British Foods, baking and milling group, increased pre-tax profits by 10 per cent to £210.4m for the year to April 2 1988.

Mr Garry Weston, chairman of ABF - which counts Sunblest bread, Twinkles tea and Ryvita among its branded products - said volatile commodity prices had affected manufacturing divisions and overseas earnings.



Garry Weston - fluctuation only to be expected.

Under takeover rules, ABF cannot launch a further bid for Berisford until November, unless another bidder emerges.

Barclays holders take up 95% of rights issue

By David Lascelles, Banking Editor

Barclays has received 95 per cent acceptance for its record £21m rights issue which was approved by shareholders in April.

Vickers buys US printing plate maker

By Andrew Hill

Vickers, manufacturer of medical, defence and aerospace equipment and Rolls-Royce cars, is expanding its US printing plate operation with the purchase of Imperial Metal & Chemical Company for about £12m (£6.43m cash).

Clay Harris takes a look at the shift of direction at Hollis Maxwell engineers a buy-out

MR ROBERT MAXWELL yesterday admitted defeat. Or so he modestly wished it to seem. Hollis, the diversified engineering and professional services company he has controlled since 1982, would never be able to reach the "critical mass" to fulfill his dreams of a science-led engineering group, Mr Maxwell said.



Robert Maxwell - bringing out the Pergamon name.

Hollis's nine engineering businesses, as well as three merchanting subsidiaries, are to be sold to a management team for £55m in cash and the assumption of £13.8m in debt, and Hollis would keep a 351m preference and loan capital investment in the new company, part of which would convert into a 42 per cent equity stake.

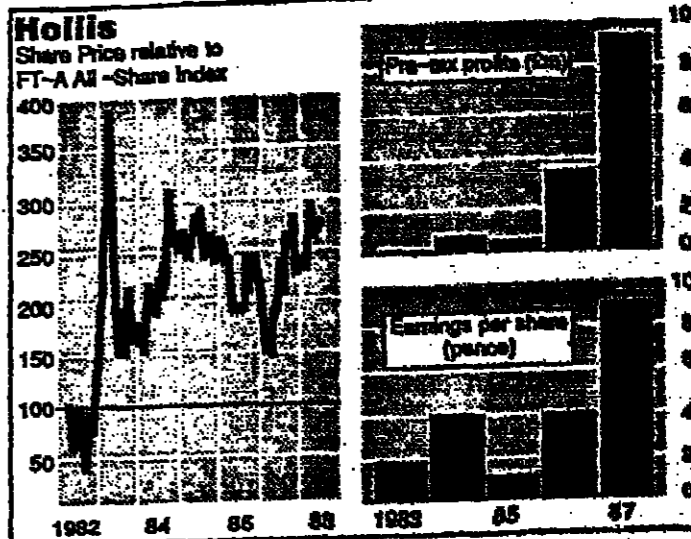
The completion of the rights issue removes a large overhang in the banking sector. However, Standard Chartered has already indicated its intention to make a rights issue of £200m-£300m after its interim results in August.

Pittsburgh judge relaxes Koppers bid restrictions

Beazer, the housebuilding and construction company, is a step nearer success in its long-running \$1.7bn bid for Koppers, the US aggregate and chemicals company.

Priest Marians £5m office sale

Priest Marians, property investment and development company, has sold its 15,750 sq ft office building at 223, Shaftesbury Avenue in London's West End to Mercury Property Fund.



core activities were likely. It is not clear, moreover, what, if any, plans exist for eventual flotation. It is also too early - and will probably never be fully possible - to assess Hollis's stewardship of the engineering companies because of the short time they were part of the group.

City Public Relations tops £0.6m

City of London Public Relations, a financial public relations group specialising in serving the London needs of Australian companies, reported pre-tax profits up from £457,000 to £510,000 for the year to April 4 1988, and said it intended to seek a quotation on the Unlisted Securities Market soon.

USX listing

USX Corporation, the former US Steel, has been listed on the London stock market via an introduction. In 1987, USX reported net income of £218m (£117.27m) on sales of £14.8bn.

Radio City attracts advertisers

THE HEAVY DEMAND for airtime from both national and local advertisers is reflected in the first half results from Radio City (Sound of Merseyside), an independent local radio station.

Savoy battle set to flare again

BY DAVID WALLER

THE LONG-standing battle between Savoy Hotel and Trusthouse Forte, its largest shareholder, is likely to flare up again today at the luxury hotel group's annual general meeting.

Mr Giles Shepard, Savoy managing director, said yesterday that the wording of the motion to be put to shareholders at the AGM had not yet been finalised.

per cent tranche - now owned by a Swiss charity, La Fondation pour La Formation Hoteliere - is set aside, its holding will fall to 44.7 per cent.

Watmoughs £10m convertible placing

BY NIKKI TAIT

Watmoughs (Holdings), colour printer, publisher and process engraver, yesterday announced plans to raise about £10m through a placing of convertible redeemable preference shares next month.

towards the continued expansion of the company's web offset facilities. Watmoughs has now reached agreement on the purchase of a 63,000 sq ft factory and more than eight acres of land in Wakefield, West Yorkshire in order to provide further space.

Watmoughs is proposing to add two web offset presses to its current operations.

Brixton Estate

International investors in commercial property

Extracts from the Statement by the Chairman, Harry Axton

I am pleased to report another year of sustained income and capital growth. For many years I have emphasised the strength of the investment portfolio in terms of both the location of the properties and the quality of tenants and I am pleased to report that at the end of 1987 the value of the Group's investment portfolio increased to £414 million, a rise of £70 million over the previous year.

HIGHLIGHTS OF 1987

- 34.2% increase in net assets to £249 million.
11.2% increase in net rental income to £25,419,000.
22.7% increase in profit before tax to £13,204,000.

The Annual General Meeting of the Company will be held in London on 22nd June 1988. If you would like a copy of the Annual Report and Accounts 1987, complete this coupon and send it to The Secretary Brixton Estate plc, 22-24 Ely Place, London EC1N 6TQ.

Name: Address:

GEC in \$21m AB Dick expansion move

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

AB Dick, the US office equipment company acquired by the General Electric Company in 1979, made its first significant takeover under GEC ownership yesterday.

AB Dick's subsidiary, Videojet Systems International, is paying the Xerox copier company \$21m (£11.25m) for Cheshire, a mailing equipment group based in Illinois.

When this strategy ran into trouble in the intensely competitive US office equipment market, Mr Powell took charge and brought the company back into profit by concentrating on its roots in the offset printing industry.

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date of payment, Corresponding dividend, Total for year, Total last year. Includes companies like Assoc Bri Foods, Gates (Frank G), Maxwell Int, etc.

BOARD MEETINGS

Table with columns: Company Name, Date. Includes companies like Anglo-Spanish, American Capital, etc.

Tilbury £50,000,000 revolving term facility with tender panel arranged for Tilbury Group Plc by Charterhouse Bank Limited. Includes Charterhouse Bank Limited logo and address.

# UK COMPANY NEWS

## Adelaide Steamship lifts CU holding

**By Nick Bunker**  
 MR JOHN Spivins, Australian investor, has increased to nearly 6.5 per cent the stake in Commercial Union, British composite insurer, which his group, Adelaide Steamship holds via a string of nominee accounts.  
 Adelaide Steamship first emerged as a substantial shareholder in CU last November, when the British group used its powers under section 212 of the Companies Act to force the disclosure of 19.9m of its shares held by 17 nominee companies linked to the Australian group.  
 At that time, Adelaide Steamship and associate companies held about 4.7 per cent of CU, but there has been considerable stock market speculation in the last few weeks that the holding was being increased.

## Takeover no threat to Rowntree jobs says Young

BY DAVID WALLER

LORD YOUNG, Trade and Industry Secretary, who later this week will decide whether Nestlé's £2.1bn bid for Rowntree is to be referred to the Monopolies and Mergers Commission, said yesterday that he did not think that a foreign takeover of the company would jeopardise jobs.  
 Interviewed yesterday during a visit to Newcastle, where Rowntree employs about 1,000 people at its Fruit Pastilles and Toffee Crisp factory, Lord Young said on a local radio programme: "Let's not get ourselves into a position of thinking that it's about jobs. If a foreign company were to buy Rowntree, I can't feel that jobs are in jeopardy. Far from it - if anything, they'd be wanting to invest in the company."  
 He refused to be drawn on other issues raised during a month of intensive lobbying on

both sides, such as reciprocity. DTI officials stressed that he had yet to make up his mind on a referral in advance of a recommendation from Sir Gordon Burrie, Director General of Fair Trading, who is due to report this week.  
 Nevertheless, the tenor of his comment disappointed the Rowntree camp, which claims that its employees would suffer from rationalisation measures if the bid were to go through. "We are surprised that Lord Young should make such a statement, particularly immediately ahead of his decision," Rowntree said.  
 Nestlé argues that jobs would be more secure as it intends to merge its own UK confectionery business into that of Rowntree. Rowntree, for its part, has let it be known that its defence document will contain criticism of Nestlé's record as an employer in

the UK. The document will not have to be published if the bid is referred.  
 Rowntree recently shut its Edinburgh factory, shedding 800 jobs, but it told its employees last week that no further closures were planned. It said that job losses in its UK workforce of 13,000 would be confined to natural wastage.  
 Mr Kenneth Dixon, Rowntree chairman, said that Rowntree's annual job losses between now and 1992 were likely to fall short of its average of 900 a year since the beginning of the decade. He said that the company was engaged in "a continuing programme in pursuit of productivity improvement."  
 Rowntree's shares dropped 13p to 82p, going ex the 10p dividend. Nestlé, which now owns a 16 per cent stake in the York-based chocolate company, has pitched its offer at 89p a share.

## Thos Robinson moves to sway Crowther from Coloroll's bid

BY ALICE RAWSTHORN

THE BOARD of Thomas Robinson, which is fighting against Coloroll in a bid for John Crowther, met yesterday in an attempt to persuade them to drop their support for Coloroll in favour of Robinson's counterbid.  
 Crowther decided to continue to support Coloroll's offer after the £226m counterbid was announced three weeks ago. But it said that it would wait to see Robinson's offer document before

making a formal recommendation to shareholders.  
 Robinson's document was published a week ago. The Crowther board is expected to make its announcement to shareholders this week.  
 The Takeover Panel yesterday ended its investigation into Coloroll by saying that it was satisfied there was "nothing suspicious" behind the recent rise in Coloroll's share price. Because of the price rise early last week, Coloroll was able to increase its

holding in Crowther to the maximum of 14.9 per cent.  
 The Panel immediately began an investigation into the reason for the price rise. It now says that the price rose because of share purchases by two institutions and that it is satisfied these were made "wholly independently."  
 Coloroll has received acceptance for 28.4m Crowther shares, or 22.2 per cent of its equity. This means that it now speaks for 37.2 per cent of the textile group.

## Glynwed buoyant

Mr Gareth Davies, chairman of Glynwed International, told the annual meeting that group performance in the first four months of the current year was most encouraging, with all three operating divisions enjoying buoyant trading conditions.

## Cookson expands

Cookson Group has acquired the capital of Completion Plastic Company, a leading manufacturer of plastic containers for the horticultural market. The existing management of Completion will continue with the company, which will operate within Cookson's ceramics and plastics division.  
 Cookson has also agreed in principle to acquire from Coates Brothers the assets and business of its graphic products division, based at St. Helens, Lancashire.

## Simon expansion

Simon Engineering has purchased a 64 per cent holding in Gale Resources of Canada for C\$980,000 (£240,000). Gale is a Calgary-based seismic data specialist.

## Dyson disposal

J & J Dyson is to dispose of its interest in Pickering Farms together with adjoining land but excluding all firelocks for £2.1m.

## Lilleshall progress

Mr John Leek, chairman of Lilleshall, told the annual meeting that both turnover and profits before tax were ahead of budget for the first four months of the 1988. He looked forward to reporting a substantial rise in profits for the full year. A number of acquisition opportunities were being researched.

## DRG purchase

DRG has acquired the envelope manufacturing arm of Edwards Dunlop & Co. of Australia, for £41.5m (£9.8m). DRG has also acquired the business and assets of the specialist stretchfilm activities of Stark-Ista, based near Stuttgart, for DM 3.5m (£1.1m).

## Unilever

Unilever is to acquire Auckland-based Abela, which has some 50 per cent of the New Zealand retail margarine market. Abela, with an annual turnover of NZ\$250m (£15m), is also a leader in the industrial market for margarine and shortenings.

## Granada

Granada Group has acquired Healthcare Television and Telephone, a supplier of television rentals to US hospitals, for an undisclosed sum.

## Rural Planning

T.D. Nevard, director of Rural Planning Services, has disposed of 10,000 shares, R.C. Williams disposed of 45,000 shares and now holds 12.63 per cent.

## Compass profits hit by interest in first half

Operating profits rose 40 per cent to £11.8m at Compass Group in the six months to March 27 1988. However, a sharply increased interest charge resulted in lower pre-tax profits.

Interest took £5.7m against £0.5m in the comparable period and the taxable result fell from £8.1m to £5.1m.  
 Compass was created last June from a management buy-out of Grand Metropolitan's contract

services division. Its other activities include building services and private hospitals.  
 The directors said the performance of the catering, security and facilities services in the UK was well ahead of last year, due to improved buying margins and lower overheads.

Mr Gerry Robinson, chief executive, said the interim results boded well for a future flotation.

## Control Secs. £20m deal

Control Securities has agreed to acquire two properties for a total of £20m. Consideration will be satisfied by about £8m in cash, and the balance by the issue to a vendor of 27m new ordinary shares (about 3.1 per cent of the enlarged issued share capital).  
 Both properties are in London.

One is in Crochurch Lane in the City, the other is on the Edgware Road in the West End.  
 The shares have been placed - subject to completion and listing - by Williams de Broe Hill Chaplin and Company with major institutional clients.

## Ansbacher agrees merger

Henry Ansbacher Holdings and WS Moody Holdings have agreed, in principle, to the merger of HAH's insurance broking interests, which comprise its wholly-owned subsidiary, Seascope

Insurance Holdings, and 51 per cent interest in Adams and Porter, with Moody, an unlisted insurance broking company, for a consideration to be satisfied by the issue of new Moody.

### SHARE STAKES

Changes in share stakes announced during the past week included:

Stonehill Holdings - Control Securities acquired 1.42m ordinary shares (23.43 per cent).  
 Barry Wehmiller Co (BWCO) transferred 1.15m ordinary (4.5 per cent) in Barry Wehmiller International (BWI) to Vickers in exchange for Vickers' interest in BWCO. Accordingly, BWCO now

has an interest in 5.31m (22.8 per cent) in BWI. Vickers' present intention was to hold its interest as an investment.  
 Hey & Croft - North East Essex Building Co now holds 515,000 ordinary (8.82 per cent).  
 Hartons Group - Director Mrs Monica Maimann acquired 100,000 ordinary shares, bringing her total holding to 6.84m (9.6 per cent).

### INTERNATIONAL CAPITAL MARKETS

The Financial Times proposes to publish this survey on:

27th JUNE

For a full editorial synopsis and advertisement details, please contact:

DAVID REED

on 01-263 8900 ext 3461

or write to him at:

Bracken House

10 Cannon Street

London

EC4P 4BY

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

# Bass

Public Limited Company

EXTRACTS FROM COMMENTS BY THE CHAIRMAN - IAN PROSSER

Profit before tax increased by 33.6% after crediting an exceptional profit of £28.2m arising from the sale of certain European hotels.

The strength of our beer brand portfolio enabled us to increase volumes well ahead of a buoyant market. The performances of Britvic Corona in the soft drinks market and Hedges & Butler in wines and spirits were encouraging.

Our considerable investment in pub retailing and the extension of our catering businesses led by Toby Restaurants continued to produce good results. Changes in licensing hours will present an opportunity for future growth in this sector.

Our leisure activities continue to show good growth with notable performances coming from amusement machine manufacture, social clubs and hotels. Horizon winter holiday sales were substantially above last year.

The acquisition of the international assets of Holiday Corporation outside the United States of America, Canada and Mexico, together with 13 Holiday Inns in the U.S.A., which has been completed since the end of the half-year, significantly expands our hotel business and confirms our commitment to become a major international hotel operator.

### INTERIM RESULTS TO 9th APRIL 1988

- key figures (unaudited)

	28 weeks to 9.4.88	28 weeks to 11.4.87	52 weeks to 30.9.87
	£m	£m	£m
<b>Turnover</b>			
Brewing, drinks and pub retailing	1,249.0	1,135.0	2,228.1
Leisure	535.3	380.3	985.3
	<u>1,784.3</u>	<u>1,515.3</u>	<u>3,213.4</u>
<b>Trading Profit</b>			
Analysed:			
Brewing, drinks and pub retailing	158.9	133.7	303.3
- operations			
- surplus on disposal of fixed assets	7.0	8.4	14.6
Leisure:			
- operations	15.8	15.4	67.8
- surplus on disposal of fixed assets (Note)	28.3	0.4	0.7
	<u>210.0</u>	<u>157.9</u>	<u>386.4</u>
<b>Profit before taxation</b>	<u>197.0</u>	<u>147.4</u>	<u>365.0</u>
<b>Ordinary dividends paid and proposed - per share</b>	<u>5.4p</u>	<u>4.8p</u>	<u>19.55p</u>
<b>Earnings per ordinary share</b>	<u>38.4p</u>	<u>30.2p</u>	<u>71.6p</u>

Note: The surplus on disposal of fixed assets includes £28.2m in respect of the sale of certain continental hotels.

This statement is being distributed to all holders of listed securities of the Company. Copies are available to the public from the Company's registered office: 30 Portland Place, London W1N 3DF

07-MAY-88

MIDLAND MONTAGU VENTURES £05m  
 SAMUEL MONTAGU CORPORATE FINANCE DIVISION £20m  
 SAMUEL MONTAGU SPECIALISED FINANCING DIVISION £48m  
 LEWIS'S TOTAL £73m

THANK YOU

# Why shop around?

On 7th May the largest buy-in of the year so far was announced with the £73 million management buy-in of Lewis's department stores from Sears plc.

This complex transaction was completed only with the teamwork of three different divisions within the Midland Montagu group.

Midland Montagu Ventures invested £5 million to lead the equity syndication, Samuel Montagu's Corporate Finance Division underwrote the £20 million balance of equity requirement and our Specialised Financing Division took on the entire £48 million debt finance.

If you, like the new management team of Lewis's, are looking for the best in corporate advice and capital financing, there's no need to shop around.

Just ring up.

## Samuel Montagu & Co. Limited

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## APPOINTMENTS ADVERTISING

APPEARS EVERY

WEDNESDAY AND THURSDAY



# INTERNATIONAL APPOINTMENTS

## APPOINTMENTS

### British Coal group general managers

BRITISH COAL has made the following appointments, all from next January 1. Mr George McAlepine, director Scottish area, to be group general manager, Scottish group. Mr Michael Haynes, deputy director (mining), North Yorkshire area, to be group general manager, North East group. Mr Frank Middleton, general manager, Kent coalfield, to be group general manager, North West group. Mr Terence Wheatley, assistant director (operations) East Wales, South Wales area, to be group general manager, South Wales group.

Following the acquisition of PHILLIPS & DREW (C.I.) by Bank Cantrade, which is 85 per cent owned by Union Bank of Switzerland, the following board changes have been made. Mr Barry Ching and Mr Peter Stiles, man continue as executive directors. Mr Gordon Dryden has joined the board as a non-executive director. Prior to his recent retirement he was a director of Morgan Grenfell & Co, London, and vice chairman of Morgan Grenfell (Jersey). To represent the new shareholders Mr A.T. Sheehan, chief executive of Bank Cantrade, Zurich, and also chairman of Bank Cantrade Switzerland (C.I.), Jersey, has been appointed chairman, together with Mr Willy de Nard, managing director of the Jersey bank as a director. Mr Mark Duffy and Mr Tony Hillston will continue as senior executives. The company says the name of Phillips & Drew (C.I.) will continue for the foreseeable future but will, in due course, change to Cantrade Securities (C.I.).

General Sir Richard Trant has been appointed deputy chairman of HUNTING ENGINEERING. He was formerly Quartermaster General of the Army and a member of the Army Board of the Defence Council. Mr Hugh Metcalfe has been appointed a non-executive director. He was deputy chief executive, operations, on the main board of British Aerospace, and is president-elect of the Royal Aeronautical Society.

Mr Robin Eyres has been appointed corporate development director of VERNON INTERNATIONAL, a new post. He was chairman of Vernon Europe in Belgium.

Ms Kathryn Peat has been made a partner at JOYNSON-HICKES, in the matrimonial and family group.

Mr Jon Szegota has been appointed to the board of NATIONAL STARCH AND CHEMICAL. He was business manager, and becomes director-adhesives.

Mr Ian Eggleston has been appointed deputy chairman of SEDGWICK EMPLOYEE BENEFITS CONSULTANTS. He also joins the board of Sedgwick Financial Services. He was managing director of Willis Consulting.

Mr Harry McKeever has been appointed group marketing director of THE LEWIS GROUP, debt collectors. He was general manager with Royscot Retailer Services.

GOODMANS, Havant, has appointed Mr Peter Stott as commercial director.

Mr Paul Saunders has been appointed general manager of CITY OF WESTMINSTER ASSURANCE, subsidiary of AGF Holdings (UK), itself a subsidiary of Assurances Generales de France. He joins from Imperial Trident Life, where he was sales and marketing director.

Mr Andrew McCall has been appointed development director of MOORGATE DESIGN. He joins from Tayburn Design Group.

Mrs Pat Bernard has been appointed financial director of VIKING POLYTHENE, part of the Viking Packaging Group. She was chief accountant and company secretary.

MOTHERWELL BRIDGE HOLDINGS has appointed Mr J.C.A. Crawford, group managing director, as deputy chairman.

Mr Robin R. Snook, deputy general manager, MERCANTILE AND GENERAL REINSURANCE, will be retiring on December 31. He is head of the general division and will be succeeded by Mr John O. Austin.

Mr Barry Baseley has been appointed sales and marketing director, graphics division, and Mr Bob Higgs becomes business development director, stationary division, at ABELSCOT GROUP. Mr Baseley joins from Bostik and Mr Higgs from Brunton & Williams.

THE ROYAL BANK OF SCOTLAND has appointed Mr Mike Hutchins as area manager for Cheshire and North Derbyshire from July 11. He succeeds Mr Henry Critchley who is retiring. Mr Hutchins was in charge of the international division in Manchester.

ICI Colours & Fine Chemicals and the Ellis & Everard Group, have launched a new company, ELLIS & EVERARD SPECIALTIES. Dr Graham Ward has been appointed managing director.

Mr Nicholas Goodman has been appointed by WEDLAKE BELL to lead its newly-formed insolvency department. He was partner with Wilkinson & Grist, Hong Kong.

Mr Mike Rigby has been appointed a director of THURGAR BARDEX, and deputy managing director of the window group.

Ms Pat Davies has been appointed managing director of CONFERENCE ASSOCIATES, a W.A. Holdings company. From July 1 she will succeed Ms Anthea Fortescue, who founded the company, who becomes a consultant.

### Tamar Mortgage Company No. 2 Limited

a subsidiary of

## THE MANUFACTURERS LIFE INSURANCE COMPANY

### £250,000,000

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N M Rothschild & Sons Limited

May, 1988

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### Tamar Mortgage Company No. 2 Limited

### THE F.T. CENTENARY TRIPLE MARATHON CHALLENGE

(London Paris New York) IN AID OF THE SICK CHILDRENS TRUST

Two employees from the Financial Times will be running the London, Paris and New York marathons this year to raise money for The Sick Children's Trust.

This charitable trust provides desperately needed accommodation for parents of children undergoing long-term specialist treatment at Great Ormond Street and St Bartholomew's Hospitals. The accommodation is currently in very short supply and is urgently required to house parents to comfort their children while they are away from home.

To sponsor the FT athletes please contact:-

Tim Kingham or Cliff Crofts on 01-248 8000 or write to them at:-  
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THE SPONSOR WHO DONATES THE HIGHEST CONTRIBUTION WILL RECEIVE A CASE OF LAURENT-PERRIER FT CENTENARY PINK CHAMPAGNE.

FINANCIAL TIMES  
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### Banque Indosuez U.S. \$200,000,000 Floating Rate Notes due 1997

For the three months 19th May, 1988 to 19th August, 1988 the Notes will carry an interest rate of 7 1/2% per annum and coupon amount of U.S. \$200.45 per U.S. \$10,000 Note, and U.S. \$5,011.28 per U.S. \$250,000 Note.  
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### Guide Dogs for the Blind have 6,000 wet noses. The Blind need thousands more!

This advertisement is all about seeing and how you can help. The Association needs your contributions towards breeding, training and maintaining more Guide Dogs. Your donation will be devoted to giving the blind the eyes they need. Eyes with a cold wet nose! These are some ways in which we put your money to good use:

- £5 helps to keep a guide dog for a week.
- £250 helps to rear a puppy.
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- £500 gives basic training.
- £25 is the cost of the harness.
- £1000 sponsors a guide dog.

Please fill in the coupon below to provide more eyes with a cold wet nose for the blind.

THE GUIDE DOGS FOR THE BLIND ASSOCIATION, ALEXANDRA HOUSE, 9 PARK STREET WINDSOR, BERKSHIRE SL4 1JR. TEL: (0753) 857111

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Name.....  
Address.....



A FINANCIAL TIMES CONFERENCE

# World Pulp & Paper Conference

Hotel Inter-Continental, London  
6 & 7 June, 1988

The Financial Times and the European Paper Institute have joined forces to hold the latest in this high-level series of World Pulp and Paper events. The 1988 conference is held at a time of growing internationalisation in the pulp and paper industry. Cross-border investment and mergers are changing the pattern of competition in the markets of Europe, North America and the developing world. There is also the challenge from enlarged trading blocks such as the Community's move to a single market and the US/Canada free-trade agreement.

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### World Pulp & Paper Conference

Please send me further details of the "WORLD PULP & PAPER" conference

FT A FINANCIAL TIMES INTERNATIONAL CONFERENCE arranged in association with the EUROPEAN PAPER INSTITUTE

### PLACER DOME INC.

NOTICE IS HEREBY GIVEN that a regular quarterly dividend, being Dividend No. 4 of 5¢ Canadian per Common Share, has been declared payable on June 20, 1988 to shareholders of record at the close of business on June 3, 1988.

Shareholders with addresses in the United States or Australia will be paid the equivalent amount in the currency of the respective country.

BY ORDER OF THE BOARD  
John W.W. Hick  
Senior Vice-President, Corporate and Secretary

May 10, 1988

### Dresdner Finance B.V.

Amsterdam  
DM 500,000,000.-  
Floating Rate Notes 1985/1990

The rate of interest applicable to the interest period from May 24, 1988 to August 23, 1988, inclusively, was determined by Barclays Bank PLC, London, as Reference Agent to be 3 1/2% per cent per annum. Therefore, on August 24, 1988, the relevant interest payment date, interest per Note of DM 10,000 principal amount in the amount of DM 34.24 and interest per Note of DM 250,000 in the amount of DM 2,355.50 is due.

Dresdner Bank  
Aktiengesellschaft  
Principal Paying Agent

Dresdner Bank Group

COMMODITIES AND AGRICULTURE

LME stocks fall boosts nickel

THE CASH price of nickel jumped by \$900 a tonne to \$18,100 on the London Metal Exchange yesterday following news that stocks in LME warehouses had dropped below 2,000 tonnes and suggestions that some traders would be short of material until the end of this month.

Looking ahead, the market is expecting the dispute over export quotas which has held up nickel shipments from the Dominican Republic by Falconbridge, the Canadian group, to be settled soon.

Platinum market plans to widen pricing system

THE London Platinum and Palladium Market is to enlarge its current London quotations system into a fully-fledged fixing for both metals.

"We believe that the developments will add a new dimension to platinum trading in reality it will involve a world-wide participation and facilitate much wider dealing opportunities," says Mr Robert Beale, managing director of Samuel Montagu, a founder-member of the market.

Table of LME metals prices including Gold, Silver, Platinum, Palladium, Copper, Zinc, Lead, Tin, Aluminium, and Nickel. Columns include 'Close', 'Previous', and 'High/Low'.

US sales anger Malaysian tin miners

Malaysian miners are accusing the US of jeopardising efforts to normalise the tin market by selling more tin in 1988 and last year than agreed, reports Reuter from Kuala Lumpur.

Canadian forestry faces environmental onslaught

CANADA'S FOREST products industry, having recently returned to profitability after an extended spell in the financial doldrums, is facing increasingly vigorous attacks from environmentalists.

The onslaught covers a variety of issues from excessive timber-wastage to the nature of pulp-mill discharge.

Table of Canadian forestry and other commodities prices including Wheat, Soybean, Corn, and Sugar.

David Richardson takes a look at the progress of perestroika on a Ukrainian farm The long road to Soviet self-sufficiency

David Richardson reports on a Ukrainian farm near Chernovitz in the Soviet Ukraine. He describes the challenges of maintaining machinery and the progress of perestroika.

He came to the Jdanov collective as a machinery maintenance man in the late 1960s and 12 years ago was made leader of a team, called a brigade, of 23 mechanics who maintain machinery which works 1,100 hectares of the co-operative's 4,000 ha.

Structure and its staffing has been halved. It still makes plans and creates output targets but it leaves implementation to local administrators rather than imposing every detail as in the past.

Pakistani wheat survives drought

By Christina Lamb in Islamabad. PAKISTANI WHEAT crop is thought better than expected after the worst drought in 10 years.

Continued growth seen for Angolan oil output

By Victor Mallet in Lusaka. ANGOLA'S OIL output is expected to continue rising steadily in the next few years, reaching even higher levels than those predicted a year ago, say oil-industry executives in Luanda, the capital.

A 23-man maintenance team would be regarded as wildly excessive on a similar British farm, but Soviet-made machinery is notoriously unreliable

To put that pay level into perspective it is necessary to know what it will buy. This is a little difficult in an economy where the official tourist rate is 11 roubles to the pound sterling but where teenagers buy from Moscow Metro will illegally offer five roubles to the pound to give them or their clients access to hard-currency shops.

WORLD COMMODITIES PRICES

LONDON METAL EXCHANGE table showing prices for various metals like Aluminium, Copper, Lead, Tin, and Zinc.

US MARKETS table showing prices for Wheat, Soybean, Corn, and other grains.

CHICAGO table showing prices for Soybean Meal, Soybean Oil, and other derivatives.

US MARKETS table showing prices for Soybean Meal, Soybean Oil, and other derivatives.

Table of LONDON METAL EXCHANGE prices for various metals.

Table of US MARKETS prices for various commodities.

Table of CHICAGO prices for various commodities.

Table of US MARKETS prices for various commodities.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling up in thin trading

STERLING ROSE in thin foreign exchange trading.

Most of Europe was closed for Whit Monday, and neither London nor New York were inclined to move the major currencies outside their recent narrow trading ranges.

There were no fresh factors, but the pound was underpinned by favourable comments in the UK press at the weekend.

Sterling rose to DM3.18 in early London trading and remained around that level for most of the day, before closing at DM3.1825, compared with DM3.1700 on Friday.

UK gross domestic product growth rose 0.25 p.c. in the first quarter of 1988 according to figures released yesterday, compared with the last quarter of 1987, to give year-on-year growth of 4.63 p.c., against 5.18 p.c. growth in the previous quarter.

In spite of the slow down, UK growth remains high, compared with most other European countries. This, coupled with other recent economic news, suggests problems with rising inflation, and is likely to increase the reluctance of the UK authorities to endorse another cut in bank base rates.

The market now waits for Friday's UK trade figures for April, and any sign of a widening current account deficit.

But in recent months dealers have been prepared to ignore the UK trade position, in the belief that the UK Government will act

to curb inflation. This in turn indicates a reluctance to cut interest rates, and suggests the pound could continue to move up.

Sterling rose 1/2 cent to \$1.8985 yesterday, and also improved to ¥232.75 from ¥232.50, to SF2.65 from SF2.6425, and to FF10.75 from FF10.72.

According to the Bank of England, the pound's exchange rate index rose 0.1 to 78.4.

The dollar eased slightly in London, but remained in a narrow range.

Recent tightening of the Federal Reserve's credit stance, and an improvement in the March US trade figures, have lifted the dollar above DM1.70, but have failed to maintain a steady upward momentum in the US currency.

The dollar has also fallen back below ¥123, after testing ¥125 on the trade figures, and appears to lack the impetus to move higher.

It eased to DM1.7025 from DM1.7030 yesterday, to ¥124.55 from ¥124.85, to SF1.4175 from SF1.4185, and to FF75.75 from FF75.75.

On Bank of England figures, the dollar's index fell to 83.3 from 83.3.

The Australian dollar rose to another three-year high yesterday, with dealers unsure whether the Reserve Bank of Australia intervened.

The market suspected the Reserve Bank may have sold the currency, but there was considerable natural profit taking, pulling the Australian dollar lower at the time.

It closed at 78.75 US cents (A\$1.2700 per US dollar) in Sydney, after touching a peak of 78.55 US cents.

Rising commodity prices, high Australian interest rates, and forecasts that a mini-budget in Australia will bring about a tightening of monetary policy, led to further demand for the Australian dollar, although the market became nervous on suggestions that the currency was overbought. This led to profit taking.

Later in Tokyo the Australian dollar eased back slightly to 78.50, but Japanese dealers suggested it may soon climb to 80.00 US cents.

In London the currency fell a little further, but was fairly steady for most of the day, finishing at 78.60 US cents.

FINANCIAL FUTURES

Wondering weather

THERE WAS a slightly firmer tone to sterling interest rate contracts on the Liffe market yesterday, although at least part of the improvement in gilt futures appeared to be the result of US weather forecasts, as gilts tracked US Treasury bonds.

Dealing off weather related news is the latest fad in a market concerned about the prospects for inflation.

The US harvest of wheat and soybeans depends on rainfall

levels, and at present the financial markets are concerned that a bad harvest will increase inflation, and lead to a further tightening of monetary policy by the Federal Reserve.

US Treasury bond futures picked up from a weak start, and long term gilt futures followed a similar pattern on Liffe.

Three-month sterling deposit futures were boosted by a strong performance by the pound, although with delivery of the

June contract only a few weeks away, traders suggested it will take another cut in base rates to push the contract much higher, and this appears doubtful within the given time scale.

On the technical side Barclays de Zoete Wedd noted that the underlying trend in gilt futures remains weak. BZW suggested that further tests of the lower support levels are likely, and that this will probably be found for the June contract at 119.15.

LFFE LONG GILT FUTURES OPTIONS table with columns for Strike, Call-Settlement, Put-Settlement, and various price points.

Estimated volume total: Calls 1672 Puts 6388 Previous day's open int. Calls 51,008 Puts 36,262

LFFE US TREASURY BOND FUTURES OPTIONS table with columns for Strike, Call-Settlement, Put-Settlement, and various price points.

Estimated volume total: Calls 5 Puts 78 Previous day's open int. Calls 247 Puts 78

LFFE EURO-DOLLAR FUTURES OPTIONS table with columns for Strike, Call-Settlement, Put-Settlement, and various price points.

Estimated volume total: Calls 5 Puts 25 Previous day's open int. Calls 646 Puts 219

LFFE FT-SE INDEX FUTURES OPTIONS table with columns for Strike, Call-Settlement, Put-Settlement, and various price points.

Estimated volume total: Calls 2 Puts 68 Previous day's open int. Calls 81 Puts 98

LFFE EURO-DOLLAR FUTURES table with columns for Strike, Call-Settlement, Put-Settlement, and various price points.

Estimated volume total: Calls 5 Puts 25 Previous day's open int. Calls 646 Puts 219

LFFE SHORT STERLING table with columns for Strike, Call-Settlement, Put-Settlement, and various price points.

Estimated volume total: Calls 250 Puts 1,405 Previous day's open int. Calls 2,550 Puts 9,204

£ IN NEW YORK

Table showing £ in New York with columns for May 23, Latest, and Previous Close.

STERLING INDEX

Table showing Sterling Index with columns for May 23, Latest, and Previous Close.

CURRENCY RATES

Table showing Currency Rates for various countries including Sterling, US Dollar, and others.

CURRENCY MOVEMENTS

Table showing Currency Movements with columns for May 23, Bid, Offer, and Change.

OTHER CURRENCIES

Table showing Other Currencies for various countries like Argentina, Australia, and others.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit Rates for various countries.

POUND SPOT - FORWARD AGAINST THE POUND

Table showing Pound Spot - Forward Against the Pound with columns for May 23, Day's Spot, and various forward rates.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table showing Dollar Spot - Forward Against the Dollar with columns for May 23, Day's Spot, and various forward rates.

EURO-CURRENCY INTEREST RATES

Table showing Euro-Currency Interest Rates for various currencies and maturities.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates for various currency pairs.

MONEY MARKETS

UK rates steady

INTEREST RATES were steady on the London money market yesterday, as dealers continued to look for guidance from the value of sterling on the foreign exchanges.

The pound was firm, but not to the extent where the market was expecting another early cut in UK bank base rates.

This situation appears to be evenly balanced between upward pressure on sterling - pointing towards the possibility of lower

interest a money market short-out of £500m, but revised this to £200m at noon. Total help of £700m was provided.

An early round of help was offered, but the authorities did not operate in the market at that time.

Before lunch the Bank of England bought £120m bills outright, by way of £50m Treasury bills in band 1 at 7% p.c., and £110m bank bills in band 1 at 7% p.c.

In the afternoon the authorities purchased another £200m bills outright, through £70m bank bills in band 1 at 7% p.c., and £30m bank bills in band 2 at 7% p.c.

Late assistance of £250m was also provided.

Bills maturing in official hands, repayment of late assistance, and a take up of Treasury bills drained £500m, with the unwinding of repurchase agreements on bills absorbing £110m. Exchequer transactions £350m, and bank balances below target £10m. These factors outweighed a fall in the note circulation adding £500m to liquidity.

In Tokyo Japan's three long-term credit banks are expected to leave their long-term prime rate unchanged at 5.5 p.c. in June.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing for 01.00 a.m. May 23, 3 months US dollars, and 6 months US dollars.

MONEY RATES

Table showing Money Rates for New York (London time) with columns for One month, Three months, Six months, and One year.

Table showing Money Rates for London with columns for One month, Three months, Six months, and One year.

LONDON MONEY RATES

Table showing London Money Rates for various currencies and maturities.

Three-month sterling interbank rate unchanged at 7 1/2% p.c. Discount houses seemed to be undecided about the future direction of interest rates, but showed no sign of being particularly nervous. The houses were not anxious to part with bills. The offer of early official help yesterday did not result in a rush to sell bills to the Bank of England, and during the rest of the day the market did not sell any long dated bills to authorities. The Bank of England initially

FUTURES & OPTIONS Established brokerage and investment firm, specialising in commodity and financial futures & options...

ISLE - OF - MAN The Financial Times proposes to publish this survey on: TUESDAY 30TH JUNE 1988

For a full editorial synopsis and details of available advertisement positions, please contact: BRIAN HERON on 061-834 9381

FINANCIAL TIMES I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD

1987 BALANCE SHEET FINANCIAL HIGHLIGHTS CARIPLO CASSA DI RISPARMIO DELLE PROVINCE LOMBARDE

There is no European Traded Options table because yesterday was a public holiday in the Netherlands.

BASE LENDING RATES

Table of base lending rates for various banks including ABN Bank, Adia & Company, AAR - Allied Arab Bank, etc.

AUTHORISED UNIT TRUSTS

Large table listing authorized unit trusts with columns for Name, Type, and other details.

Advertisement for 'Perhaps the bravest man I ever knew...' and 'EX-SERVICEMEN'S MENTAL WELFARE SOCIETY'.

JOTTER PAD advertisement.

FT CROSSWORD No.6,638 advertisement with puzzle grid and clues.





FT UNIT TRUST INFORMATION SERVICE

Table listing various unit trusts under the heading 'Phoenix Assurance Co Ltd'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Prudential Assurance Co'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Royal Heritage Life Assurance Ltd - Contd.'. Columns include fund names, dates, and numerical values.

Table listing various unit trusts under the heading 'Standard Life Assurance Co Ltd - Contd.'. Columns include fund names, dates, and numerical values.

MANAGEMENT SERVICES

Table listing management services for various companies, including names and numerical values.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas investment options, including names and numerical values.

Handwritten signature or stamp at the bottom center of the page.

FT UNIT TRUST INFORMATION SERVICE

Table containing FT Unit Trust Information Service data, listing various unit trusts with columns for Name, Investment Objective, and other details.

LONDON SHARE SERVICE

Table containing London Share Service data, including sections for British Funds, Foreign Bonds & Rails, Americans, Money Market, and Trust Funds.

LONDON SHARE SERVICE

AMERICANS - Contd. Table with columns for Stock, Price, Div, and Yld. Lists various American companies like IBM, General Electric, and Ford.

CANADIANS. Table with columns for Stock, Price, Div, and Yld. Lists Canadian companies like Canadian Pacific, Canadian National, and Canadian Imperial Bank.

BANKS, HP & LEASING. Table with columns for Stock, Price, Div, and Yld. Lists financial institutions like Bank of America, Citicorp, and various leasing companies.

BEERS, WINES & SPIRITS. Table with columns for Stock, Price, Div, and Yld. Lists beverage companies like Carlsberg, Heineken, and various wine producers.

BUILDING, TIMBER, ROADS. Table with columns for Stock, Price, Div, and Yld. Lists construction and infrastructure companies like Bovis Lend Lease and various timber firms.

BUILDING, TIMBER, ROADS - Contd. Continuation of the previous table, listing more construction and infrastructure companies.

CHEMICALS, PLASTICS. Table with columns for Stock, Price, Div, and Yld. Lists chemical and plastic companies like ICI, Shell Chemicals, and various polymer producers.

DRAPERY AND STORES. Table with columns for Stock, Price, Div, and Yld. Lists retail and clothing companies like Debenhams, Next, and various drapery firms.

DRAPERY AND STORES - Contd. Continuation of the previous table, listing more retail and clothing companies.

ENGINEERING. Table with columns for Stock, Price, Div, and Yld. Lists engineering and manufacturing companies like BHP, British Steel, and various engineering firms.

DRAPERY AND STORES - Contd. Continuation of the previous table, listing more retail and clothing companies.

ELECTRICALS. Table with columns for Stock, Price, Div, and Yld. Lists electrical and electronics companies like British Telecom, GEC, and various electrical firms.

ENGINEERING - Contd. Continuation of the previous table, listing more engineering and manufacturing companies.

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ENGINEERING. Table with columns for Stock, Price, Div, and Yld. Lists engineering and manufacturing companies like BHP, British Steel, and various engineering firms.

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INDUSTRIALS (Misc.) - Contd. Continuation of the previous table, listing various industrial companies.

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INSURANCES. Table with columns for Stock, Price, Div, and Yld. Lists insurance companies like Lloyds, Prudential, and various insurance firms.

Handwritten text: "البيانات ليست"

LONDON SHARE SERVICE

LEISURE - Contd

Table listing leisure companies such as Leisure Group, Leisure Leisure, Leisure Leisure, with columns for stock price, high, low, and change.

PAPER, PRINTING, ADVERTISING - Contd

Table listing paper, printing, and advertising companies such as Paper Printing, Advertising Advertising, with columns for stock price, high, low, and change.

TEXTILES - Contd

Table listing textile companies such as Textiles Textiles, Textiles Textiles, with columns for stock price, high, low, and change.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land companies such as Trusts Finance, Finance Finance, with columns for stock price, high, low, and change.

OIL AND GAS - Contd

Table listing oil and gas companies such as Oil Gas, Oil Gas, with columns for stock price, high, low, and change.

MINES - Contd

Table listing mining companies such as Mines Mines, Mines Mines, with columns for stock price, high, low, and change.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies such as Motors Aircraft, Motors Aircraft, with columns for stock price, high, low, and change.

PROPERTY

Table listing property companies such as Property Property, Property Property, with columns for stock price, high, low, and change.

TOBACCO

Table listing tobacco companies such as Tobacco Tobacco, Tobacco Tobacco, with columns for stock price, high, low, and change.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies such as Trusts Finance, Finance Finance, with columns for stock price, high, low, and change.

OVERSEAS TRADERS

Table listing overseas trader companies such as Overseas Traders, Overseas Traders, with columns for stock price, high, low, and change.

MISCELLANEOUS

Table listing miscellaneous companies such as Miscellaneous, Miscellaneous, with columns for stock price, high, low, and change.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publisher companies such as Newspapers Publishers, Newspapers Publishers, with columns for stock price, high, low, and change.

SHIPPING

Table listing shipping companies such as Shipping Shipping, Shipping Shipping, with columns for stock price, high, low, and change.

FINANCE, LAND, ETC

Table listing finance, land, and other companies such as Finance Land, Finance Land, with columns for stock price, high, low, and change.

PLANTATIONS

Table listing plantation companies such as Plantations Plantations, Plantations Plantations, with columns for stock price, high, low, and change.

MINES

Table listing mining companies such as Mines Mines, Mines Mines, with columns for stock price, high, low, and change.

THIRD MARKET

Table listing third market companies such as Third Market, Third Market, with columns for stock price, high, low, and change.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies such as Paper Printing, Advertising Advertising, with columns for stock price, high, low, and change.

SHOES AND LEATHER

Table listing shoes and leather companies such as Shoes Leather, Shoes Leather, with columns for stock price, high, low, and change.

TEXTILES

Table listing textile companies such as Textiles Textiles, Textiles Textiles, with columns for stock price, high, low, and change.

OIL AND GAS

Table listing oil and gas companies such as Oil Gas, Oil Gas, with columns for stock price, high, low, and change.

FINANCE

Table listing finance companies such as Finance Finance, Finance Finance, with columns for stock price, high, low, and change.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks such as Regional Irish, Regional Irish, with columns for stock price, high, low, and change.

SOUTH AFRICANS

Table listing South African companies such as South Africans, South Africans, with columns for stock price, high, low, and change.

PROPERTY

Table listing property companies such as Property Property, Property Property, with columns for stock price, high, low, and change.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land companies such as Trusts Finance, Finance Finance, with columns for stock price, high, low, and change.

OVERSEAS TRADERS

Table listing overseas trader companies such as Overseas Traders, Overseas Traders, with columns for stock price, high, low, and change.

MISCELLANEOUS

Table listing miscellaneous companies such as Miscellaneous, Miscellaneous, with columns for stock price, high, low, and change.

TRADITIONAL OPTIONS

Table listing traditional options such as Traditional Options, Traditional Options, with columns for stock price, high, low, and change.

A selection of bottom traded is given on the London Stock Exchange page.

LONDON STOCK EXCHANGE

Equities fall at close of thin trading session while Gilt-edged hold steady

Account Dealing Dates table with columns for Order, Dealing, and Account dates.

CONFIRMATION THAT the \$92m rights issue from Barclays has been a major success...

The international blue chips, already suffering from renewed strength of the pound and held back by the Whitson holiday closure...

Government bonds edged higher but remained nervous in the wake of Friday's news that the domestic inflation rate reached a five month high in April.

Meanwhile, equity trading remains very thin, with only the placing of the rump of the Barclays rights issue lifting yesterday's turnover above poverty levels.

Market indices, which were affected by a batch of ex-dividend quotations for leading shares, shuffled around Friday night's levels for most of the day...

mer', to "the market's looking for a cliff to jump off".

Among the more active issues, Rowntree gave ground, and final quotations matched the 89p offer for the equity by Nestlé as the market awaited this week's ruling on whether the bid must go before the UK Monopolies and Mergers Commission.

The Gilt-edged market appeared relatively confident that tomorrow's tender for £800m of Treasury 8 1/4 per cent '88 stock will be carried off successfully.

Gains of a or so in Gilt-edged reflected the market supply situation, and underplayed the worries over inflation which have resurfaced on both sides of the Atlantic.

Consolidated Gold Fields, favourably reviewed by Mr Robert Davies, mining analyst at Shearson Lehman Hutton, who believes Cons Gold will lift earnings above 100p a share in the current year, gained 17 to £104.

Barclays Bank were the focus of the equity market's attention through the Smea system, finally totalling only 365.2m shares (£85.2m on Friday).

FINANCIAL TIMES STOCK INDICES table showing various indices like Government Sec, Fixed Interest, Ordinary, Gold Mines, etc. with columns for May 23, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, 1988, and Since 1988.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

"extremely successful" a senior trader in the stock said. But Barclays "old" slipped 5 to 389p in a thin trade of 1m reflecting profit-taking.

Commercial Union shares edged up 3 to 389p in a disappointing thin trade of only 1.4m after Australian group Adelaide Steamship (Adsteam), run by John Sparlins, revealed it had built up its stake in CU to 5.1% per cent on 21.5m shares.

US operations. The shares touched 259p ex dividend before closing a net 5 up at 259p.

Insurances included a notable weak spot in Sturge Holdings which slumped 23 to 81p after 100 recent seminars.

Breweries were quiet, with Allied, Bass and Vaux all going ex-dividend. Marketmakers pointed to a firm market in Scottish and Newcastle, up a shade to 309p, while Dewhirst were up 10 to 369p, reflecting buying interest after 100 recent seminars.

Elsewhere, favourable week-end press mention encouraged a revival in Avon Rubber which advanced 7 to 87p.

Williams Holdings claimed a considerable amount of interest, closing a few pence lower at 270p in a volume of some 2.3m.

FT - ACTUARIES INDICES

Table of Actuaries Indices with columns for Index No., Day's Change, % Change, and various sub-sections like CAPITAL GOODS, BUILDING MATERIALS, CONTRACTING, etc.

FIXED INTEREST

Table of Fixed Interest rates for various terms like 5 years, 10 years, 15 years, etc., with columns for Index No., Day's Change, % Change, and Yield.

LONDON TRADED OPTIONS

Table of London Traded Options with columns for Option, Calls, and Puts, including various stock options like Allied Lyons, Biffaward, etc.

RISES AND FALLS YESTERDAY

Table showing rises and falls in various stock indices and sectors like British Funds, Corporations, etc.

LONDON RECENT ISSUES

Table of London Recent Issues with columns for Issue No., Date, and various details of new issues.

FIXED INTEREST STOCKS

Table of Fixed Interest Stocks with columns for Issue No., Amount, Date, and various details of government and corporate bonds.

Keed International opened better at 41p, but later slipped back to close at 40p, down 1 on volume of 9.5m.

Cable & Wireless attracted persistent buying interest and highlighted the electronics sector as dealers speculated on the possibility that the group is about to announce the sale of a further 4.5 per cent of its stake in Hong Kong Telecommunications.

News of the latest £10m worth of BT contracts for GEC-Plessey System X telephone systems boosted GEC a shade to 147p on turnover of 4.5m and helped Plessey edge up 2 to 157p with 1.2m traded.

Week-end comment on the group's property prospects brought Laporte to life with the shares moving ahead sharply to close 12 up at 417p.

TRADING VOLUME IN MAJOR STOCKS

Table of Trading Volume in Major Stocks with columns for Stock, Volume, and various details of trading activity.

EQUITIES

Table of Equities with columns for Stock, Price, and various details of equity trading.

RIGHTS OFFERS

Table of Rights Offers with columns for Issue No., Amount, Date, and various details of rights issues.

Financial Times Tuesday May 24 1988

WORLD STOCK MARKETS

Table of World Stock Markets including sections for AMSTERDAM, FRANCE, GERMANY, NETHERLANDS, SWEDEN, and JAPAN. Each section lists various stock indices and their values.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter Nasdaq national market closing prices, listing various stocks and their prices.

Table of JAPAN stock market data, listing various Japanese stocks and their prices.

Table of Chief London Price Changes Yesterday, showing price movements for various commodities and currencies.

Advertisement for F.T. hand delivered every morning in Switzerland, featuring the headline 'Have your F.T. hand delivered every morning in Switzerland'.

Table of Indices, including sections for NEW YORK (DOW JONES), CANADA, and NEW YORK ACTIVE STOCKS.

Advertisement for 12 FREE ISSUES, featuring the headline '12 FREE ISSUES' and details about a subscription offer.

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month	Stock	Dr	Yr	100s	High	Low	12 Month	Stock	Dr	Yr	100s	High	Low	12 Month	Stock	Dr	Yr	100s	High	Low	12 Month	Stock	Dr	Yr	100s	High	Low	12 Month	Stock	Dr	Yr	100s	High	Low							
25%	AAAR	0.10	2.00	200	200	185	25%	AG	0.35	3.00	280	280	260	25%	AMC	0.10	1.00	100	100	90	25%	AMT	0.25	2.00	180	180	170	25%	AMR	0.15	1.50	120	120	115							
15%	ACMINT	0.85	7.00	630	630	580	15%	AGM	0.25	2.00	160	160	150	15%	AMT	0.35	3.00	250	250	230	15%	ANR	0.20	1.50	120	120	115	15%	AMT	0.25	2.00	180	180	170	15%	AMT	0.35	3.00	250	250	230
10%	AGS	0.15	1.00	80	80	75	10%	AGM	0.25	2.00	160	160	150	10%	AMT	0.35	3.00	250	250	230	10%	ANR	0.20	1.50	120	120	115	10%	AMT	0.25	2.00	180	180	170	10%	AMT	0.35	3.00	250	250	230
5%	AGM	0.25	2.00	160	160	150	5%	AGM	0.25	2.00	160	160	150	5%	AMT	0.35	3.00	250	250	230	5%	ANR	0.20	1.50	120	120	115	5%	AMT	0.25	2.00	180	180	170	5%	AMT	0.35	3.00	250	250	230



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هكذا عملنا

NYSE COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, High, Low, and Change. Includes sub-sections for 'Continued from Page 40' and 'Over-the-Counter'.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices. Columns include Stock, High, Low, and Change. Includes sub-sections for 'Continued from Page 40' and 'Over-the-Counter'.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter Nasdaq national market closing prices. Columns include Stock, High, Low, and Change. Includes sub-sections for 'Continued from Page 40' and 'Over-the-Counter'.

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Continued on Page 39

AMERICA

Dow drifts downward amid concern over low volume

Wall Street

THE STOCK MARKET started the week with another drift downwards in very low volume, unable to shake the lethargy which had the market in a stranglehold on Friday, writes Janet Bush in New York.

Inflation expectations remain the key to the mood in both markets and the likelihood of another firming in US Federal Reserve monetary policy.

would make a tender offer for the company at \$35 a share. DC Holdings was formed by Mr Frederick Moore, chairman and president of Diamond Crystal Salt, for the purpose of acquiring the company.

Hot property boosts Far East stocks

Demand for land is booming, write Hilary de Boer in London, Richard Gourlay in Manila and Peter Ungphakorn in Bangkok

STRONG economic growth, a consumer boom and low interest rates have proved a boon for property stocks in the Far East, several of which have risen sharply since the start of the year.

liquidity and big discount to net asset value have also made them attractive buys. Brokers are, however, increasingly cautious about the future prospects for the sector, given the spectre of rising interest rates and trade figures for March showing a slowing of the growth rate of exports, which could portend less demand for retail and industrial development.

and a return of confidence that is bringing back money that fled the economic recession of 1983-85. Much of the sector's growth has been in shopping complexes in Manila, followed by office developments and apartment blocks.



Like the new Bank of China building, equities soar skyward and Hong Kong, is already trading on the grey market.

EUROPE

European steel issues forge ahead on foreign demand

By David Goodhart in Bonn, Laura Ram in Amsterdam and Will Dawkins in Brussels

STEEL shares have been among this year's best performers in Europe, strongly outpacing the broader market on the back of vigorous demand for steel from the Far East, the US and the Soviet Union.

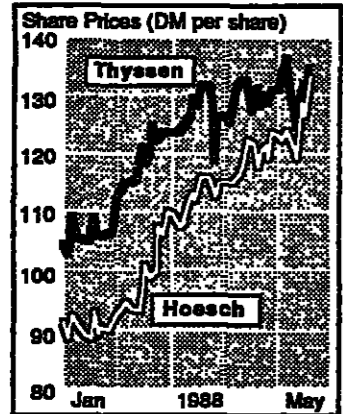
Steel and heavy engineering stocks are among the top 10 performers in West Germany, with

MOST BOURSES in Europe were closed for the Whitsun holiday yesterday.

LONDON: International blue chips fell in late trading as inflation worries and the weak opening on Wall Street hit sentiment. The FT-SE 100 index fell 8.9 to 1,761.3 in low volume on the first day of the new account, with trading curtailed by the holiday elsewhere.

the Unites all-share index up 2.3 at 682.2. It beat the previous peak of 681.5 reached last October.

MILAN: Late buying helped reduce the day's losses but equities closed lower overall, with the MIB index off 5 at 970. Blue chip Fiat fell 1.75 to L8,500, but recovered after hours to L8,620. Montedison lost 1.5 to L1,430, rising later to L1,453.



Hoesch up 46 per cent. Mannesmann 35 per cent and Thyssen 28 per cent in local currency terms by the close of trade last Friday, according to figures from County NatWest WoodMac. The West German market has risen by just 3 per cent in the period.

The remarkable re-rating of these stocks has, however, almost certainly run its course. There seem to be two main factors behind the rise: first, unexpectedly strong steel demand since the fourth quarter of 1987, which means fully-booked German mills and strengthening prices; second, the realisation that much of the painful and

expensive restructuring of recent years has been completed.

In the dash to reduce dependence on steel in the 1970s and early 1980s, mistakes were made. Some of the new machine-building companies acquired by the blue chips proved hard to integrate and Thyssen's acquisition of Budd, the US automotive parts group, was poorly timed. But those mistakes have been digested and steel now generally represents a far lower proportion of sales.

However, it remains 27 per cent of Thyssen's turnover and 37 per cent of Hoesch's, and therein lies the main source of continuing uncertainty. While Thyssen and Hoesch have recently returned to profitability in steel, the next EC steel meeting at the end of June is expected to end the quota system in hot and cold rolled steel. Unless a compromise can be found, that will mean strong downward pressure on prices, from which Thyssen in particular will suffer.

There may be room for continuing interest in stocks such as Hoesch, still trading at a huge discount to asset value, but the sector as a whole is set for a rest. In the longer run the hope that

1992 will bring an equalisation (or elimination) of steel subsidies ought to make German steel stocks more attractive again, assuming the companies are still making steel by then.

Hoogovens, the Dutch steel group, may, on the other hand, profit if EC steel quotas are scrapped, because of its strong competitive position and full order book. Its share price is up 51 per cent in local currency terms this year, making it one of the Dutch market's top performers.

Hoogovens is reaping the benefits of rebounding steel prices because it has one of the most efficient plants in Europe, having invested heavily in new equipment and cut wages costs.

In the longer term, it should be more insulated from steel downturns because of its expanding aluminium activities, which now account for half of sales. At its annual meeting two weeks ago the company predicted a small profit for 1988 after a painful loss of F1 76.4m (\$40m) in 1987.

In Belgium and Luxembourg, producers are responding positively to the surprise upturn in demand for flat products.

US inflation fears hit Nikkei in thin trade

ASIA

REDEVELOPMENT plans for its idle land prompted investors to buy Japan Steel Works, which rose Y12 to Y99 on the second heaviest trading of 37.15m shares.

MIRRORED the soaring prices of non-ferrous metals, Mitsui Mining and Smelting added Y5 to Y570, coming third on the active list with 25.37m shares traded.

TURNOVER was a low 739m shares, compared with Friday's 806m and losses outpaced gains by 577 to 328, with 161 issues unchanged.

THE FURTHER decline on Wall Street and the rise to 9.35 per cent in the yield on the 30-year Treasury bond late last week aggravated investor fears about the future course of the US economy and interest rates.

IT WAS AN UNFAVOURABLE start for the 22 securities houses - including eight foreign brokerages - making their debut in trading on the exchange.

SMALL-Lot selling sent most high-tech issues lower. Toshiba lost Y11 to Y864 and Hitachi Y20 to Y1,400. Among large-capitalisation stocks, Kawasaki Steel topped the active list with 45.7m shares changing hands, advancing Y2 to Y411. Most others eased, with Nippon Steel shedding Y60 to Y458 and Nippon Kokan Y2 to Y401.

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support from Kawasaki Heavy Industries for its reconstruction. Kurabo advanced Y10 to Y567 on an upsurge in its recurring profit for the year ended last March. Tokyo Rope Manufacturing attracted buying on rumours of a change in leading stockholders, finishing Y100 up at Y3,150.

BOND PRICES fell slightly due to fears of inflation in the US. Most dealers and institutional investors opted out of the market, but some bought for short-covering as it was the final day of trading for delivery within this month.

YIELD on the benchmark 5.0 per cent government bond due in December 1997 dropped to 4.645 per cent from Friday's 4.685 per

cent at one stage. Rumours that the Government would carry out the June issue of bonds, contrary to expectations, caused selling. The benchmark yield closed at 4.725 per cent.

Hong Kong

A SIMILAR pattern to Tokyo trading left Hong Kong shares off slightly after recovering from an earlier drop, with turnover very thin and investors nervous about the outlook for Wall Street and US interest rates.

THE HANG SENG index ended off 1.01 at 3,462.23 in turnover down to HK\$938m from HK\$757m last Friday.

Singapore

NERVOUSNESS over US interest rates and declines in leading markets kept trading quiet. The Straits Times Industrial Index fell 9.32 points to 856.94 on turnover of 22m shares compared to Friday's 26m.

Australia

MINING and resources stocks helped lift the market despite a mixed performance in industrial stocks with investors optimistic about tomorrow's mini-budget. The All Ordinaries index fell 5.3 higher at 1,461.5

FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for National and Regional Markets, Monday May 23 1988, Friday May 20 1988, and Dollar Index. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Pacific Basin, Euro-Pacific, North America, Europe Ex. UK, World Ex. US, World Ex. UK, World Ex. Japan, and The World Index.

Base index: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local). Copyright: The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd. 1988.

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